

## EXTENSIONS OF REMARKS

SMALL BUSINESS TAX RELIEF  
ACT OF 1981

HON. RICHARD T. SCHULZE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. SCHULZE. Mr. Speaker, in the last Congress my Small Business Tax Relief Act attracted the bipartisan support of nearly 160 Members of the House. Unfortunately the conditions which motivated my introduction of this bill still exist. Therefore, today, I am introducing the Small Business Tax Relief Act of 1981.

Briefly, the seven provisions of my bill would:

First, permit a small businessman to sell his business, reinvest the profit within 18 months in another small business without paying tax, as in the case of an individual's residence;

Second, increase the allowance of additional first depreciation for small business;

Third, permit rapid amortization of certain federally required expenditures;

Fourth, liberalize the provisions with respect to small domestic international sales corporations;

Fifth, provide for the optional cash or accrual method of accounting for sole proprietors;

Sixth, require the IRS to refund employers their proportionate share of excess social security payments made on behalf of employees who were employed by two or more employers during the year, and finally my bill would;

Seventh, grant a tax credit of \$5 for each document or form which a small business is required to file under Federal law.

The Small Business Tax Relief Act of 1981 is a balanced and multifaceted bill which will assist our small entrepreneurs in a meaningful way. I urge all of my colleagues whose constituencies include small businesses to join me in facilitating the formation and growth of small business by cosponsoring the Small Business Tax Relief Act of 1981.

To give a more detailed explanation of my bill I am providing a description of each provision.

First, gain from a sale sole proprietorship. This "rollover" provision would allow a small businessman who sells his entire business interest and reinvests the entire proceeds in another qualifying small business venture within 18 months to recognize no gain at that time. If the sale occurs

after age 55 years, the taxpayer has the option of electing capital gains treatment on the accumulated gain or ordinary income treatment in conjunction with a special 10-year averaging mechanism.

Second, increase in additional first-year depreciation allowance for small business. This section of the bill would simply increase the amount which may be claimed for additional first-year depreciation from the existing 20 percent of the first \$10,000 to \$20,000 if married and filing jointly—of investment to 25 percent of the first \$25,000 to \$50,000 if married and filing jointly—of investment. This provision is designed primarily to benefit the small businessman by allowing him to recoup a greater part of his investment via reduced tax liability.

Third, rapid amortization of certain federally required expenditures. This section provides for the rapid amortization over a 36-month period, of federally required expenditures for plant and equipment. The aim of this provision is to give rapid writeoff to businesses forced to comply with Federal laws or regulations such as OSHA, HHS rules for the handicapped, regulations governing pollution control and so forth. To qualify for rapid amortization, such changes would have to be certified by the particular Federal agency as being in compliance with the law and of a type which does not significantly increase output or capacity. This provision would apply only to existing facilities.

Fourth, removal of certain limitations of deferral in cases of small DISC's. The domestic international sales corporation is an important device for increasing export sales and in so doing, reducing our balance-of-payments deficit and inflation. This provision of my bill changes current law to allow a small DISC having an adjusted taxable income of \$1 million or less to be exempt from the base period limitations imposed on large DISC's. As a result of this change, small manufacturers will be encouraged to develop export sales as a result of the tax deferral offered via the small DISC provision.

Fifth, optional cash method of accounting for taxpayers operating as a sole proprietor. This section allows the sole proprietor to choose the method of accounting, either cash or accrual, which will be more beneficial. Small businesses with inventory which are frequently not equipped to utilize the LIFO accounting provisions currently suffer a hidden tax which is brought about by the inflationary increase in

the value of that inventory. Under this section of my bill, any appreciation of inventory would not have to be shown until such time as there is a cash sale providing the proceeds with which to pay the tax.

Sixth, refund or credit of employer share of certain excess social security taxes. Social security taxes are a source of agitation to most employers, because of the amount of related paperwork. Yet, many employers unknowingly pay a greater amount in social security than is necessary. This occurs when an employee is employed by two or more employers during the year. In this situation there is, generally, an excess employer contribution which is never refunded to the employers. Presently, an employee can claim a credit for excess social security tax withheld. However, there is no similar provision for employers. This provision of my bill would require the IRS to credit or refund to each employer his proportionate share of the overpayment. Qualifying employers would be identified when an employee claimed the credit. Within 90 days, the IRS must credit or refund the appropriate amount to each employer. One of the benefits of this plan is that employers automatically receive the payment without having to complete any complex forms or paperwork.

Seventh, expense of filing Federal forms. This final section of the bill would grant a tax credit of \$5 for each form or document which a small business is required to file pursuant to Federal law. The crushing burden of Federal paperwork is well known to every small businessman. The theory behind this provision should help to defray the expense of complying with the requirements it imposes on business.

Tax policy plays an integral part in the success or failure of a new business enterprise. It is significant to note that the Small Business Administration indicates that out of every 10 new businesses, only 5 will be operating within 2 years. In order to insure the viability of our economy, it is essential that Congress take the actions needed to bolster the existing small business community and encourage the creation of new businesses.

I urge my colleagues to join with me in aiding American small business.

Thank you.●

## LEGISLATION TO ADJUST OMB PAY LEVELS

### HON. JACK BROOKS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. BROOKS. Mr. Speaker, today Congressman Ed DERWINSKI and I offer legislation to raise the level of the Director of the Office of Management and Budget to Cabinet status. Congress has recognized that the position of OMB Director is as important as that of Cabinet officers, by requiring that nominees for the position be confirmed by the Senate. But we have failed to follow through by compensating the Director at the level of Cabinet Secretaries, and his Deputy at the level of Deputy Cabinet officers.

This is an important bill for several reasons. First, simple equity demands that officials at similar levels of responsibility be compensated equally. In addition, the OMB Director, as the President's chief representative in dealing with Cabinet Secretaries on essential administrative and budget issues, should be able to conduct those dealings on the same management level as those officials. The same principle holds true for the Deputy OMB Director in his transactions with lower level Cabinet officials.

The effective operation of OMB is not a Republican or Democratic issue. The ability to conduct business on the same management level with Cabinet officers will be just as important and valuable for DAVE STOCKMAN as it would have been for Jim McIntyre. I hope this bill will be approved promptly by Congress. ●

## JUDGES' SALARIES VERSUS THE POWER OF THE PURSE

### HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. ASHBROOK. Mr. Speaker, once again, we have cause to wish that the Supreme Court were as concerned about the rights of Congress as it has been about the rights of criminals. The Court has set precedents which have allowed dangerous criminals back on the streets at enormous risk and cost to the public. This has been regarded as merely the price the public has to pay so that the most extreme technical legalities are exercised by the police and by prosecutors.

But when it comes to judicial salaries, the Court finds that an invasion of the fundamental constitutional prerogative of the legislative branch, the power of the purse, must yield. People may be murdered, children must be abused, but these are simply necessary

sacrifices to be made for a strict adherence to the Constitution. Judges' salaries, however, would seem to be a different matter altogether.

The history of legislative power in the Anglo-Saxon tradition begins with the power of the purse. The previously absolute authority of English monarch was harnessed by Parliament only as Kings became dependent on the legislature for money. It was with this example in mind that the Founding Fathers wrote the Constitution, and it was emphasized by their requirement that money bills originate in the House of Representatives.

If the public can face the physical danger of criminals let loose for the sake of avoiding dangerous legal precedents, judges can forego pay raises for the same purpose. The Congress has the power and the duty to check the abuse of power represented by the *Will* decision, and we should not hesitate to do so. ●

## TRIBUTE TO ANDY JACOBS

### HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. EDWARDS of California. Mr. Speaker, I want to bring to the attention of my colleagues a recent article by Colman McCarthy of the Washington Post about our esteemed colleague, ANDY JACOBS. I think this article illuminates the rare qualities and style that ANDY has brought to this body during the years he has been here. I cannot think of any Member of Congress who is more respected by his or her colleagues than the gentleman from Indiana, ANDY JACOBS. I commend the article to all here in the House.

[From the Minneapolis Tribune, Dec. 27, 1980]

HERE'S PROOF A LIBERAL CAN BE THRIFTY  
(By Colman McCarthy)

WASHINGTON.—On the next to last day of the 96th Congress—a tradition-honored moment when the special interests rush under the federal money tree to give it a final greedy shake—one scheme to reach the floor of the House had an audacity all its own. It was an amendment supposedly intended to help fire-disaster victims in San Bernardino, Calif., by permitting the issuance of \$225 million worth of tax-free mortgage bonds.

Something smelled fishy, at least to the alert nostrils of Rep. Andy Jacobs, Indiana Democrat. This is another welfare bill for the affluent, Jacobs said to himself, thinking of the countless others he had seen since he came to Congress in 1964.

"For every three dollars government would give up under this program," Jacobs explained later, "one dollar would get through to the homeowner. The other two would be siphoned off by the money-changers along the way—lawyers, brokers and the rest. First, San Bernardino was already de-

clared a disaster area, and a separate 5-percent loan was available. Second, we have to presume that at least some of those people in San Bernardino who have been so successful in life remembered to take out fire insurance."

On the House floor, late in the afternoon on a Saturday, Jacobs argued that the legislation was really an appropriations bill and thus out of order at this time. His argument held, and the federal pocket—at least for this \$225 million—remained unpicked.

The maneuver was vintage Andy Jacobs: He knew the facts, he was on the barricades at the right moment, and he acted with the authenticity of one who is unique in Congress in being entitled to call himself "a parsimonious progressive." According to the National Taxpayers Union, Jacob's attentiveness to wasteful federal spending "has saved the country billions of dollars."

As the national mood seems to be turning to the kind of fiscal accountability that Jacobs, almost by himself, has been championing, he is a fitting model for the new group of politicians now coming to Congress fresh from winning elections with their "cut the budget" and "stop the spending" speeches.

Jacobs, a tall fellow, a former policeman and a vegetarian who is as lean physically as he'd like the government to be financially, would appear to be this group's natural leader. Except that when he is aroar about federal waste, he means it. He starts with himself.

He believes that at \$60,600 a year, congressional wages are too high; so he accepts only \$44,600, his salary when he first came to town. He was wounded in Korea, but his health is fine now (as it naturally would be with a non-meat diet), so he refuses his veteran's disability check. In November, he used only \$13,000 for reelection, compared with the House record of \$1.8 million set by a California Republican.

House members are allowed a staff of 22; Jacobs' functions smoothly with eight. To look at itself on television, the House provided members with closed-circuit color sets. Jacobs said no thanks, hooking up his 14-year-old black and white for the job. "I know of no good reason for viewing Tip O'Neill in color," he quips.

In 1974, his conscientiousness saved his life. On booking a flight from Indianapolis to Washington, Jacobs was told that only first-class seats were available. He said no. Even though it was a government-paid trip, he wanted to save the public the extra \$20. Instead, he went coach on an earlier flight. The plane he would have taken crashed into a mountain as it approached Dulles airport. There were no survivors.

With a little effort—say the hiring of a ninth staff member to write press releases and a tenth to deliver them hot to the media—Jacobs might be better known for his money-saving ways. But he instinctively understands how the Washington game works: Become a showman and you are dismissible. By avoiding the flashy—and by being on the House floor on lonely Saturday afternoons when it is make-the-rich-richer time—Jacobs wins the respect not only of groups like the National Taxpayers Union, but also the taxpayers in his own conservative district.

His hometown paper, the Indianapolis Star, a voice of the Stolid Right, says that Jacobs is "shocking," not for his views on cutting waste and balancing the budget, but because he is a Democrat who thinks that way. The shock was such that the Star en-

dorsed him in his last race, which was a shock to Jacobs and his 65 ADA rating as well.

It is possible to be a liberal and not be an extravagant spender. In a long conversation in his office the other day, Jacobs said, "Let's give the necessities the highest priorities." This would seem to be a new kind of liberalism, except that, as Jacobs has been practicing it, it has been around for some time, and more than earning its keep.●

#### DEDUCTING COST OF HIGHER EDUCATION

**HON. THOMAS J. DOWNEY**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. DOWNEY. Mr. Speaker, today I am introducing a bill to establish the parents and students savings program, otherwise known as the PASS plan. Under PASS, a taxpayer would be allowed a deduction for contributions made to a qualified higher education fund which must be established solely for the purpose of paying for the future costs of higher education of eligible beneficiaries. For each student, a taxpayer could make contributions to a PASS fund which may total up to \$1,500 each year. The student beneficiary could then use the assets of the fund for attending college or other institutions of higher education anywhere in the United States. After the beneficiaries finish college, they would be required to report the distributions received from the fund as ordinary income, with the tax liability spread over a 5-year period.

Under this plan, the taxpayer would be able to deduct the amounts contributed to the account from his or her taxable income, and the beneficiary would owe the tax on the interest and original deposits at his or her lower income tax level.

This PASS plan was originally enacted by New York State in 1978 and has been successful there. Other States also offer incentives for educational savings; however, the participation rate in these plans would increase dramatically if there were also Federal tax incentives to encourage families to plan for their educational costs. A Federal PASS program would provide a strong incentive for this kind of long-range savings which would also be an important source of funds for capital investment by business.

Furthermore, our Nation's saving rate compares unfavorably with other nations. Our savings rate of 4.5 percent of disposable income is small compared to 24 percent in Japan, 17 percent in West Germany, and 14 percent in Great Britain. Most of our industrial competitors have extensive Government programs and subsidies to encourage savings. This PASS plan

would promote savings for investment in education, which, like the GI bill, would turn out to be the most dollar-wide spending by the Federal Government.

Finally, a Federal PASS program would decrease the demand for federally subsidized student loans by making it possible for more families to shoulder the burden of spiraling college costs.

Like any other tax cut proposal, it is important to benefit those that need help the most. My bill will do just that, by giving parents a break from the crushing burden of college costs, while increasing the supply of money for business investment.●

#### SOLOMON BALANCED BUDGET AMENDMENT

**HON. GERALD B. H. SOLOMON**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. SOLOMON. Mr. Speaker, today I am introducing a proposed constitutional amendment to require a balanced Federal budget. This proposal is identical to House Joint Resolution 274, which I introduced in the 96th Congress, and it is once again being sponsored in the other body by Senator RICHARD LUGAR.

Only once since 1960 has the Federal Government limited its spending to available revenues. Successive Presidents and Congresses have proven themselves unable to resist pressures to spend, and there is reasonable doubt that the budget will ever be balanced again in the absence of a constitutional amendment to enforce the discipline which the Congress has not exercised itself.

A look at what happened during consideration of the fiscal 1981 budget explains why enforced restraint is necessary. At the time the first concurrent budget resolution was adopted, Congress was projecting a slight budget surplus. By the time the second budget resolution was adopted, the surplus has become a deficit in excess of \$27 billion. Now, barring unforeseen circumstances, the deficit is likely to double.

It is clear that Congress is reluctant to pass an amendment to restrain itself. However, I believe that a flexible approach to balanced budgets stands a reasonable chance of enactment, and that is what I have proposed.

Simply stated, the Solomon amendment requires that when Congress votes on a concurrent budget resolution in which projected revenues exceed projected outlays, a two-thirds majority of those present and voting

would be necessary for passage. A balanced budget could be approved by a simple majority vote.

The key feature of this amendment is that it establishes a balanced budget as a normal situation. It will be more difficult to secure a two-thirds vote for a deficit than a simple majority for a balanced budget. This proposal will make diversions from the norm exceptions which are justified only in circumstances so compelling that they can convince two-thirds of the Members of both Houses that deficits are necessary.

I sincerely believe that this proposal will improve the budget process because it will force the Congress to heed the budget deadlines it established in 1974, and ignored ever since. My amendment would involve no serious disruption or alteration of the budget process, but it would require the Congress to take the budget process more seriously.

Indeed, the Solomon amendment would increase the flexibility of the budget process. We are currently on a course in which larger and larger portions of the budget are considered uncontrollable. The only flexibility in the current arrangement is to adopt even larger than usual deficits. The two-thirds proposal will liberate the budget process from its current tendency toward uncontrollability, and will thus possess the merits of both sunset legislation and zero-based budgeting.

Whenever two-thirds of the Members of both Houses agree that a deficit is necessary—for whatever reason—it will be possible to adopt one. Congress could choose to stimulate the economy through increased spending or tax cuts. This amendment would, however, undoubtedly lead to somewhat greater restraint in applying governmental stimulus, and this would be a useful corrective to current policy.

It is abundantly clear that the American people want the Government to start living within its means. All recent polls—including the one last November 4—have shown overwhelming support for more responsible budget policy. Also, a majority of the States have gone on record in support of a constitutional amendment to balance the budget. I believe that my amendment has the advantage of being flexible, straightforward, and streamlined. It gives budget considerations an appropriate place in the Constitution. At the same time, it gives Congress the latitude it needs to deal effectively with economic circumstances as they develop. I urge my colleagues to join me in cosponsoring this legislation.●

TRIBUTE TO GEORGIA  
BULLDOGS

HON. DOUG BARNARD, JR.

OF GEORGIA  
IN THE HOUSE OF REPRESENTATIVES  
Monday, January 5, 1981

● Mr. BARNARD. Mr. Speaker, on Thursday, January 1, 1981, at the 47th annual Sugar Bowl in New Orleans, La., the national football championship was decided when the University of Georgia Bulldogs were victorious. This team performed as true champions in not only this game but for the entire season. It has been with exemplary courage and admirable determination that the University of Georgia team has fought for and won every contest in a sportsmanlike manner. Never focusing on individual statistics, the quest has always been a total team effort resulting in well-deserved victories. It has not been a club of superlatives but instead a group of young men fighting for a common goal.

But this has also been a team of individual talent. Led by the National Coach of the Year, Coach Vince Dooley, the team had matchless direction. Coach Dooley has been at the University of Georgia for 17 years. During those years he has had a record of 130-56-6; been named SEC Coach of the Year 6 times; taken 12 Georgia teams to bowl games; elected NCAA District Coach of the Year 6 times, and served as the chairman of the American Football Coaches Association's Ethics Committee. Let me also add that Coach Dooley had the assistance of the best defensive coordinator and assistant coach in the Nation in Erk Russell.

This year's team also had very gifted players. Three Bulldogs were given first team All-American status; Scott Woerner, Rex Robinson, and, of course, Herschel Walker. These fine young people all deserve applause and commendation for a job well done. Mr. Walker should receive special recognition as the first freshman ever to receive consensus All American as a freshman and for finishing highest ever as a freshman, third place, in competition for the Heisman Trophy.

These men have made us proud. They have gloriously represented the University of Georgia, one of the finest universities in the Nation. The University of Georgia in Athens, Ga., is the oldest chartered State university in the Nation having received that charter in 1785. It has grown to a student population of 22,500 and a faculty of 2,000. UGA now boasts 13 schools and colleges and awards 18 masters degrees in 125 areas of concentration as well as 3 doctorates in 73 areas of concentration.

Please join with me today in commending these fine young men and their coaches in their finest victory

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and their excellent representation of this outstanding institution of higher learning.●

WINDFALL PROFIT TAX  
PROBLEMS

HON. GLENN ENGLISH

OF OKLAHOMA  
IN THE HOUSE OF REPRESENTATIVES  
Monday, January 5, 1981

● Mr. ENGLISH. Mr. Speaker, on March 13, 1980, the House of Representatives approved a new excise tax on the oil industry, the Crude Oil Windfall Profit Tax Act of 1980. This act imposes an excise tax on all producers of domestic crude oil. The term producer means the holder of the economic interest with respect to the crude oil in place in the ground. Under this definition, a royalty owner is considered to be a producer of crude oil.

There are thousands of small royalty owners throughout this Nation who have nothing to do with the production of crude oil. They do not drill the wells, they do not pump, transport, refine, retail or wholesale the product. Many of these small royalty owners hold the right to only a small fraction of low producing wells which often produce only a few barrels of crude oil per day. The monthly royalty income to these small royalty owners is small, often less than \$100 per month, sometimes considerably less. In many instances, these meager checks are needed to supplement social security payments or retirement income of our elderly citizens. I dare say that many farmers, struggling to survive in the face of high interest rates and escalating operating costs, have been able to do so solely because of the royalty revenue they may be fortunate enough to receive. And now, the windfall profit tax has reduced these needed revenues to the point of forcing financial hardship on these small royalty owners.

Mr. Speaker, I opposed the windfall profit tax because I believed it was poor energy policy. I still believe that. What I cannot believe is that my colleagues who supported this legislation intended for it to apply to small royalty owners. The windfall profit tax allows independent producers to apply special tax rates to their windfall profits on the first 1,000 barrels a day of tier one and tier two oil. Specific exemptions exist for certain entities and organizations. Yet, royalty owners are subject to the same high taxation rate as the major integrated oil companies. This, Mr. Speaker, is absolutely ludicrous, a fact recognized when this body granted a \$1,000 credit for 1980 windfall tax payments as part of the budget reconciliation bill. This credit, however, is only a temporary credit and a permanent, more equitable, solution is needed.

January 5, 1981

I have today introduced legislation which, when enacted, will provide permanent relief from the windfall profit tax for the thousands of small royalty owners who have been unfairly categorized with the major integrated oil companies. This legislation would exempt the first 10 barrels per day of royalty owner interest from the windfall profit tax. This modification to the Crude Oil Windfall Profit Tax Act of 1980 will provide much needed financial relief to small royalty owners who have been unjustly and unfairly burdened by this act. I urge the support of my colleagues in calling for the rapid enactment of this bill during the early days of the 97th Congress.●

STATEMENT TO ACCOMPANY  
THE IRA BILL

HON. THOMAS J. DOWNEY

OF NEW YORK  
IN THE HOUSE OF REPRESENTATIVES  
Monday, January 5, 1981

● Mr. DOWNEY. Mr. Speaker, today I am introducing a bill to permit any individual to make annual contributions to an individual retirement account regardless of any other affiliation with a private or public pension plan.

Today, the annual savings rate of U.S. citizens of 4.5 percent compares unfavorably with other nations such as Japan with a rate of 24 percent, West Germany with 17 percent, and Great Britain with 14 percent. One of the reasons for the serious decline of our housing industry is this lower percentage of savings. Too small savings for future retirement also causes Government spending on social programs to increase, thus increasing the size of the Federal budget. To encourage retirement savings, contributions to these IRA's would be tax deferred, and amounts up to \$1,500 annually would be permitted. Taxes would be levied at the lower retirement rate when benefits were withdrawn from these accounts.

The President's Commission on Pension Policy stated in its interim report that:

The lowest rate of return is from an annual contribution to a regular savings account. Employee contributions to a qualified pension plan provide a somewhat higher return on the investment. The highest monthly pension for the same \$100 contribution is available to those employees who invest in an IRA or Keogh up to the limits imposed on those plans. This return on the contribution is equivalent to the return on the employer contribution to a qualified pension plan.

My bill also includes a provision to overcome the previous low-user rate of IRA's by lower income earners by directing the Treasury Department to provide to each taxpayer a "plain Eng-

lish" explanation of individual retirement accounts and their benefits.

This tax cut would benefit our economy in two important ways. One, it would encourage individuals to save for their own retirement and increase the money supply of financial institutions. By lowering the need for lending houses to borrow at high rates the housing industry would begin to return to its normally healthy status. By allowing this money to circulate through our economy we could lower Government spending and cut the rate of inflation. This can only benefit all of us. ●

#### THE DAVID MOSS STORY

### HON. JOHN J. DUNCAN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. DUNCAN. Mr. Speaker, as we start the 97th Congress, I am aware that I along with all of my other colleagues will find ourselves faced with uncountable challenges during the coming months. I feel it would be very much in order if we pause for a few minutes to not only contemplate the challenges we will face but to also reflect on how other persons have met challenges and turned seemingly hopeless situations into outstanding achievements.

One such example of how apparent defeat can be turned into accomplishment was given by the late David Moss of Ringgold, Ga. Moss came to the University of Tennessee in Knoxville as a scholarship athlete. Though his on-the-field playing career was cut short by cancer, David Moss continued to make outstanding contributions to his school, his employer, and his family. David Moss died on December 17, 1980. But his comparatively short life benefited many scores of people.

The David Moss story was never told any better than it was on December 20, 1980, when Mr. Marvin West, sports editor of the Knoxville News-Sentinel, paid tribute to this outstanding young man.

[From the Knoxville News-Sentinel, Dec. 20, 1980]

THEY HAD A FUNERAL FOR DAVID \* \* \* BUT  
MOSS LOVE WILL LIVE ON

(By Marvin West)

They buried a Tennessee treasure Saturday but, believe me, the David Moss Story didn't end at the Ringgold, Ga., Community Cemetery.

No Volunteer athlete I know has made a greater impact on those around him. Friends will never forget. Those who shook his hand will remember the firm grip and the way his eyes searched to meet theirs. Those who heard him speak surely felt the motivation, depth and sincerity. Those who saw him only at a distance must know he didn't hold anything back.

In Ringgold, whence he came, David is a sports legend, state high jump champion,

Parade All-American in basketball, the kind people will talk about in years to come and say, "You remember that game against . . ."

He didn't do all that much at Tennessee. He could jump higher as a freshman than anybody 6-4 and above many bigger but he wasn't a great shooter. I could see he'd contribute but I never thought he'd be a star.

No, that wasn't how David did it. He made it as a man. Just two quarters removed from the security of his living room, at age 17, Moss took the terrible news that he was losing a leg to cancer . . . and didn't flinch. He came back from traumatic surgery with an artificial limb, a walking stick and a smile to warm your heart.

He made appointed rounds, in pursuit of a business degree, to little boys' banquets, all around town and often out, on assignment as a Ray Mears coaching aide. David never sought sympathy. He wouldn't have it on a platter. He accepted a car from Tennessee fans. He needed one and he sure couldn't buy it. But, he wasn't looking for favors and when he reached out his hand, it was to pick someone up.

David went about life as if nothing had happened. He knew the odds but did not whimper about tough luck. He married pretty Priscilla Little and interviewed for jobs.

The night that would have been his final appearance as a basketball senior, David marched out to mid-court at Stokely Center, stood in the spotlight and soaked up a thunderous ovation. Smokey stood with him, as if on holy ground. It was, David Moss was that special.

IBM hired him. IBM will take a risk with talent, David responded. He stirred those he met in that little company. So said IBM's Saturday speaker, a Mr. Wall. Could be winners are winners, wherever they go.

First Baptist Church, on Nashville Street, in Ringgold, in North Georgia, set a record. As funerals go, it was like Easter, standing room only. The black folk borrowed the white folk's biggest church because they wanted to accommodate the crowd. All pews were filled, some to overflowing. Hosts carried in folding chairs. Some sat on steps in the balcony.

There was a wall of flowers, a spray from former teachers, one arrangement that looked like a big orange basketball. Five preachers took turns reading scriptures and saying prayers and recalling the good life of David Moss. "Amen" far outnumbered tears. Songs from the soul are uplifting and they were presented with enthusiasm, to be heard in the vestibule and parking lot.

Dr. J. C. Neal, United Methodist, downtown Carrollton, delivered an entire sermon in two minutes: "This man David was a champion, a scholar, a star and a Christian. He had great courage and great faith. He was a fighter, a doer, a positive person.

"Sometimes, when people get a grip on the world, they lose touch with God. David didn't. I think the impact of his life reaches far beyond what we can see."

Dr. Neal said all that and sat down. I felt like applauding.

Mears got it said, too. The former Tennessee coach told the story of driving David home to tell his parents of the original crisis, of the forthcoming operation.

"He wanted to tell them himself. When it was time to go to the hospital, Mr. and Mrs. Moss got into the back seat of my car. David sat beside me. He wanted to know how to adjust his seat forward so his mother, behind him, would have more room.

"You need to know this about David Moss. At a time like that, he wasn't concerned if his legs were cramped. He wanted his mother to be comfortable."

The church was still as death when Mears told of his personal depression, how there were times he didn't want to live and how he looked to David Moss for strength to go on.

"I hope I gave him something in return."

Chuck Threeths, ex-Vol, home for half-time from a basketball league in Finland, wasn't on the program but he remembers . . . how David Moss changed his mind . . . and his life.

Chuck grew up in New York and thought if you ventured south of Cincinnati you'd bump into burning crosses and men in white robes.

"David told me how Tennessee cared for him, about the thousand letters and the car. I remember the words, 'Look what they did for me!'"

A moment later, Threeths was saying, "Look what he did for me. He was true. He loved everybody. He was love. He had more courage than I have ever seen.

"David knew how to live and how to die. I don't argue with God but I don't understand why, at 24. We need more David Mosses, not less.

"I think I am trying to tell you he made all of us who knew him at least a little better. When you looked at him and saw that smile, you knew material things aren't so all-fired important, after all.

"This man touched lives and changed a few. Me, I'd rather be a David Moss than a Dr. J."

It isn't over, the Moss story. We can't allow it to be.

Mr. Speaker, I feel confident all of us have benefited by reading about the courage shown by David Moss. His life was marked by courage and determination not often found. We can learn much from David Moss, even though his time on Earth was cut short by tragedy. ●

#### AUTO EMISSION SANCTIONS CANNOT BE SANCTIONED ON A COST-EFFECTIVENESS BASIS

### HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. DANNEMEYER. Mr. Speaker, purportedly acting under sections 176(a) and 316(b) of the Clean Air Act Amendments of 1977, the Environmental Protection Agency (EPA) announced on December 11, 1980, that Federal highway and sewer funds for the States of California and Kentucky would be cut off because those States had not adopted a mandatory, periodic auto emission inspection and maintenance (I/M) program. Notwithstanding the fact that this announcement is based on a questionable interpretation of the law, and comes at an equally questionable time, the crux of the matter is that mandatory auto emis-

sion inspection simply cannot be justified on a cost-effectiveness basis.

Based on a variety of reports and studies, it would appear that, for a first year cost of \$272.2 to \$467.3 million—which will rise to \$400 to \$500 million per year by 1987—Californians can expect no more than a 4- to 5-percent reduction in air pollution from mandatory I/M. A joint report, prepared by the California Air Resources Board and the California Department of Consumer Affairs, indicates 5 percent; a study done by the Economic Research Institution in La Jolla puts the figure at 4 percent or less. Either way, that is not much of a return on a program that could cost as much as \$37 per car in California the first year. Nor does it take into account the fact that technological advances in the auto industry coupled with the natural attrition of older, more pollution prone, cars will result in a reduction of auto-caused air pollution anyway.

Mr. Speaker, California is not unique in its opposition to mandatory I/M. Not only is Kentucky likewise affected by the recent EPA directive—which will start being felt sometime around the end of this month—but, contrary to what EPA would have us believe, a lot of other States have reservations about I/M as well. One State, Michigan, approved I/M only after requiring that its attorney general sue EPA in the event sanctions are threatened. In two other States, New York and Pennsylvania, the legislatures have indicated they may not fund I/M even though they have previously authorized it. Three States, Ohio, Texas, and Missouri, have made implementation of mandatory I/M contingent upon favorable findings by study commissions. And five other States are planning to review the merits of I/M again this year. Only four States, Oregon, Arizona, Rhode Island, and New Jersey, have actually begun implementing I/M and New Jersey is one of those States that will be taking another look in 1981. In short, if it were not for the fact EPA has been given a big sanctions stick—which could strike down as much as \$850 million in Federal funds for the State of California—one doubts very many States would have considered I/M a cost-effective way of dealing with pollution.

The ultimate irony of all this is that section 176(a) of the Clean Air Act Amendments of 1977 does not say that States must adopt mandatory I/M as part of their Clean Air Act implementation plans in order to escape the aforementioned sanctions; it only says that they must "consider" I/M. Of course, EPA has its own line of legal reasoning to support its contention that the word "consider" really means adopt, but just as a court is likely to uphold such a contention, so too could a court uphold an EPA finding that

the word "consider" means just what most people understand it to mean—take under advisement. The law is that unspecific and, in the case of California one can further argue that, by requiring tailpipe inspection every time auto ownership changes, as the State legislature has done, the State has not only considered I/M but has already adopted an acceptable plan for it.

What all this boils down to is that EPA, simply by changing its interpretation of the law, can legally put an end to such a cost-ineffective response to the pollution problem. Fortunately, there is reason to believe that EPA, under the incoming administration, might just do that. From what I have been told, the transition team for EPA recommended that the agency defer its final I/M ruling until after the new administration takes office. Now that does not mean that EPA will necessarily reconsider; it simply means that it might and I, for one, hope that it will. However, in case it does not, I am today introducing a bill that would settle this controversy for once and for all by eliminating the alleged requirement that State implementation plans (SIP's), under the Clean Air Act Amendments of 1977, provide for periodic auto emission inspection and testing. Identical legislation was introduced in the 96th Congress by Representatives Satterfield and STOCKMAN and enjoyed considerable support in the Health Subcommittee of the Commerce Committee. But now, with the refusal—so far—of the California and Kentucky Legislatures to buckle under to the threats of a faceless bureaucracy, the issue can be postponed no longer. I urge my colleagues, both in the Commerce Committee and in the House as a whole, to act favorably on this measure without further delay. ●

#### THE BATTLE OFF THE VIRGINIA CAPES, SEPTEMBER 5, 1781

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. WHITEHURST. Mr. Speaker, the celebration for our Nation's 200th birthday, which began with such fanfare and enthusiasm on January 1, 1976, will reach another climax in 1981 with the commemoration of the surrender at Yorktown. A major ceremony has been planned for this October, and national recognition will be given to this great event.

At the same time, however, there is a less well-known event which took place in 1781, one which played a major part in making the victory at Yorktown possible: The battle off the Virginia Capes on September 5, 1781, when the French Fleet under the com-

mand of Adm. Francois de Grasse won an important victory.

Today I am introducing a resolution to provide appropriate recognition to the battle off the Virginia Capes, and I hope that it will have the support of my colleagues. Permit me at this time, Mr. Speaker, to offer a little of the background of this battle, to illustrate its importance to the final American victory.

American military and naval might in our War for Independence was bolstered dramatically by the contributions of a number of foreign officers, of whom two of the most accomplished were the French General Rochambeau and the French Adm. Francois de Grasse. During the dramatic Yorktown campaign, in the closing moments of the war, both performed brilliantly, to the great benefit of the fledgling American Republic. Insofar as naval activity was concerned, no action was more vital to American success than the leadership of Admiral de Grasse in the battle off the Virginia Capes in September 1781.

Rochambeau has unquestionably been the better known of the two French leaders prior to the Franco-American Alliance of 1778, having served the Bourbon Monarchy with distinction as a general officer in the War of the Austrian Succession and the 7 Years' War. De Grasse, on the other hand, was regarded only as a competent squadron commander, and it was in this capacity that he was dispatched to the New World in 1778, with orders to protect the interests of France in the Caribbean area as well as those of Spain, which, as an ally of France, has entered into a war with England under the terms of the Franco-American Alliance.

Despite the limited nature of his assignment, de Grasse was moved to make a greater contribution to the American Revolutionary cause. In fact, he had been fighting the British Empire since his early youth, and on one occasion, having been taken as a prisoner at sea, spent 3 months studying the Royal Navy at close range. In the Caribbean battles which began in 1778, he served as a subordinate under Adm. Jean d'Estaing, winning promotion in the process to the rank of rear admiral and securing an independent command. At 6 feet 2 inches, he was one of the tallest men in the French Navy, and it was said of him that he was "six foot six on days of battle."

The Yorktown Campaign of 1781, which involved de Grasse in the battle off the Virginia Capes, was basically a French idea, and its result was largely determined by French participants. As a concept, it was initially opposed by the American commander, Gen. George Washington, who preferred the strategy of striking the British stronghold at New York City. This

proposal was opposed by French General Rochambeau, and as commander of the sizable French expeditionary force stationed in Rhode Island, Rochambeau was one of the major authors of the American military plan as finally adopted. Contrary to Washington's recommendations, Rochambeau called for combining the French Expeditionary Force with the main body of the American Northern Army and their joint advance into Virginia, there to engage the forces of British General Cornwallis, stationed on the Yorktown Peninsula. To assist in this endeavor Rochambeau proposed the use of the French naval contingent in the Caribbean under the command of de Grasse.

Of additional significance at this point was the role of de Grasse as a financial agent, looking to the rescue of the American economy, which was almost collapsing under the strain of war exigencies. In July 1781, de Grasse received dispatches at Cap Francois in Haiti, transmitted from Rochambeau in Rhode Island, advising of several recent and vital developments: The nearly bankrupt condition of both the American Continental Army and the French Expeditionary Force, the planned Allied attack on Yorktown, and the extreme need for naval support in any such attack. Recognizing the vital importance of rapid movement, and informed by the Spanish, who has just captured Pensacola, that they had no military plans requiring his services in the near future, de Grasse decided to depart promptly for the Chesapeake Bay to support the impending Franco-American attack on Yorktown.

Picking up one French general, the Marquis Saint-Simon, and 3,500 French troops under his command at Cap Francois, de Grasse prepared himself for the trip north, assuring the Spanish authorities that the troops involved would all be back in the Caribbean by November. Within 12 days after the receipt of Rochambeau's dispatches, Saint-Simon's men had all been loaded aboard French vessels, and the French Fleet was ready to sail. But the funds necessary to insure the success of this complex undertaking were not yet available. An appeal for financial assistance was therefore dispatched by frigate to Spanish authorities in Havana, and the response was decidedly encouraging: 1.2 million livres, raised entirely through private contributions. These funds would enable French officials in the American Colonies to lend a month's payroll to the Continental Army, an action which General Washington regarded as extremely important to the American cause at that moment, in order to help stave off the threat of mutiny. In addition, the French Army of Rochambeau would be provided with the

specie to purchase necessary supplies in Virginia.

On August 14, 1781, Washington and Rochambeau received word that de Grasse was on his way to the Chesapeake Bay and Yorktown. Under his command was a fleet of 26 ships of the line, of which the British expected him to remove no more than half from the Caribbean at any time, for any reason, since they assumed that his principal responsibility was to protect the French islands in that sector. But when de Grasse departed for the Chesapeake, he took the entire fleet with him.

Belatedly sensing a naval assault on Cornwallis' position, the British naval commanders at New York City brought a sizable fleet of their own into play, some 19 ships of the line. But they were too late, because de Grasse had preceded them into Chesapeake Bay, and with a larger force, just in time for the arrival of the Allied land expedition from the north. Upon sighting the French Fleet on August 30, 1781, George Washington is said to have jumped for joy, shouting the name of Admiral de Grasse.

Joining combat off the Virginia Capes on September 5, 1781, the British and French Fleets sought to bar each other from access to Chesapeake Bay and Yorktown. The outcome would determine whether or not Cornwallis would be trapped without a means of supply. When the British appeared, the French fleet was already in the Chesapeake Bay supporting the Franco-American Army. Saint-Simon's troops were being landed on the Virginia shore, several ships of the line were guarding the mouths of the James and York Rivers to blockade the transports to Cornwallis, and some light vessels were preparing to move up the bay to embark other French and American troops gathered at Baltimore and Annapolis for movement to the Yorktown Peninsula. In addition, de Grasse was expecting the convoy of Adm. Louis de Barras, which had left Newport, R.I., on August 25, bearing the French siege train and other vital equipment.

De Grasse issued orders to the 24 ships-of-the-line that were immediately available, and they filed out of the bay, ready for action. Against them stood only 19 British vessels, but despite the odds, the British attacked first. According to a French eyewitness account:

The two vans having come so close as to be almost within pistol shot, the fire was long well sustained, and the affair seemed about to be decisive when (British) Admiral Hood made a signal to the English rear division, which he commanded, to bear down on the French rear. (Admiral de Grasse) witnessed this movement with pleasure and prepared to tack his whole fleet together, bearing NNW, which would have inevitably thrown the English line into confusion, but (British) Admiral Graves anticipated him

and signaled his whole fleet to keep the wind. The heads of the two fleets gradually fell off in consequence \* \* \* and the fire ceased \* \* \*

Only the 8 leading British ships and the first 15 French ships took a significant part in this initial battle, but the results proved disastrous to British plans. The *Terrible*, a British battleship with 64 guns, was so badly damaged as to be regarded as incapable to return safely to her base. She therefore was set afire and destroyed, at the order of British Admiral Graves. The *London*, which had served throughout the battle as Graves' flagship, was so badly punished by de Grasse's *Ville De Paris* that all her masts had to be replaced. The British frigates *Iris* and *Richmond* had gone off on their own on September 6, seeking refuge in Chesapeake Bay, and they were captured on the 11th when they emerged in hopes of rejoining the main body of the British Fleet.

Following the fighting of September 5, the rival naval forces maintained their lines but withheld their fire, drifting southward to the vicinity of Cape Hatteras. On the morning of September 9, the French lost sight of the British fleet, and on September 11, de Grasse directed the return of his own fleet to the Chesapeake Bay, where he joined forces with French Admiral Barras, who had arrived with a squadron the previous day. The resulting numerical superiority of the French on Chesapeake Bay sealed the doom of Cornwallis at Yorktown. On October 19, 1781, a rescue of Cornwallis was attempted by a fleet of 23 British ships of the line, sailing from New York City. But on that very day, Cornwallis surrendered.

Thus, Mr. Speaker, as we approach the celebration of the final victory at Yorktown in October, it seems to me that it is only fitting that we also commemorate the battle off the Virginia Capes on September 5, 1781, when the French fleet, under the command of Admiral de Grasse, played such a vital role in bringing about the ultimate victory at Yorktown.

Thank you, Mr. Speaker. ●

#### ON SHOOTING HORSES

#### HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. SHUMWAY. Mr. Speaker, the Wall Street Journal has been carrying a series of articles concerning the floundering Chrysler Corp. On December 26, the Journal provided an editorial response to Chrysler Chairman Iacocca's criticism of previous editorials, and I believe that commentary should be shared with all of my colleagues here in the House. In addition to out-

lining some salient reasons why this particular instance of Federal bailout should be terminated, the editorial underlines a major premise: the power of example. If Chrysler remains viable solely as a result of a costly Federal life support system, what is to prevent other failing companies from vying for the same privilege?

I commend the following article to my colleagues' attention:

#### ON SHOOTING HORSES

Our running debate with Chrysler Chairman Lee A. Iacocca continues today with a letter from Mr. Iacocca saying we should have titled our previous editorial "They Shoot Horses, Don't they?" It's an interesting thought, since the point of Jane Fonda's memorable words was apparently that society is more humane toward horses than people.

Fine judgments about social justice we will leave to Miss Fonda. But someone ought to note that if Chrysler were reorganized or liquidated under the bankruptcy laws, Mr. Iacocca's rhetoric to the contrary, its facilities and employees would not vanish off the face of the earth. There would of course be disappointment and pain. Its auto workers might not be able to find other jobs paying twice or more the U.S. industrial average, its executives' egos would be bruised, and its bankers might not be paid in full on the loans for which they have collected premium interest rates.

Against these costs, though, must be laid the price of keeping Chrysler alive as a ward of the state. Having the taxpayers make good on the guarantees the federal government has advanced is not the most important part of the price. More important is the power of the example in the economy as a whole. If failing corporations are not allowed to pass out of their misery, all other corporations have an incentive to leverage up their balance sheets with increasingly risky debt. This creates powerful forces for additional money creation and inflation, to the detriment of us all.

It is fairly evident to most people that the U.S. economy is not what it should be. The symptoms are well known: double-digit inflation, chaotic credit markets, chronic unemployment, sluggish economic growth. Many of the people affected by these circumstances are worse off than those at Chrysler, who at least have cushions in the form of unemployment benefits. Jobs, careers and savings are at risk for the likes of a carpenter affected by credit market impacts on homebuilding, the widow who is watching her savings lose value, the cop whose city is forced to cut back vital services. Or for that matter, there are folks at Ford, who aren't feeling so good either.

The people who have been chosen by Washington to receive federal sustenance are fortunate indeed. But what about all the people who have not, and who moreover are under obligation to pay off the loans when the sustenance plans fail? Who is protecting them from economic risks?

There is more to it than that. Mr. Iacocca attempts a distinction between what he was talking about and we were talking about with regard to Federal Reserve management of the dollar. But there is very little distinction to be made. Those wild interest rates that jump up and down and create such uncertainty and turmoil for business didn't get that way by accident. The mistakes the Fed made last summer were not the kind auto executives would have been

inclined to criticize, since they were intended to revive the economy with another dose of easy money and credit. They did to some degree, but they also revived the inflation expectations that sent interest rates soaring.

We can't blame the Chrysler people for wanting to survive. But we don't think public policy can be made in terms of politicians picking a few entities to protect against the onslaughts of competition and adversity. That principle holds true whether the favored few are auto companies, farmers or giant cities. The credit markets are signaling more than anything else that the nation's supply of genuine capital (as opposed to the fake capital created by inflation) is getting very thin indeed. Unless we return to a process where capital is rationed not by the politicians but by judgments, on merit, by individual lenders—forced by a sound money policy to make real choices—the United States will continue to make less and less efficient use of its capital. That means, purely and simply, that we will have less growth, fewer jobs, more inflation.

No one wants Chrysler to die. The new administration should move quickly to get the Department of Transportation out of the hair of the auto makers, so they can start making competitive decisions again. The UAW should be told to bargain with the auto makers, not Washington. The Nader crowd should be invited to go pick on the Japanese. Energy policy, the cover for some of the worst depredations against the auto industry, should be focused on restoring competition in the energy industry by getting the government out. As to Chrysler, it is not a question of shooting horses, but of disconnecting a life support system we can ill afford. ●

#### NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT

HON. WILLIAM C. WAMPLER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. WAMPLER. Mr. Speaker, I am today introducing legislation to extend and amend the National Agricultural Research, Extension, and Teaching Policy Act of 1977, title XIV of the Food and Agriculture Act of 1977.

Mr. Speaker, one of the principal undertakings of this new Congress will be to write a new farm bill to replace many of the provisions of the Food and Agriculture Act of 1977, which will expire this year. While the funding authorizing provisions of title XIV of the 1977 Farm Act will not expire until the end of fiscal year 1982, there are a number of technical changes needed in the law which have been experienced since the law was enacted in 1977, to require including the revision of this title in the new farm bill.

I consider the enactment of the extension and the amendments offered in my bill to title XIV or similar legislation as perhaps one of the important steps this Congress will undertake.

Few of us, Mr. Speaker, think about shortages of food and fiber. We have

been principally concerned in the Congress, going back for almost half a century, with agricultural overages—managing surpluses if you will. Most of the young people in the United States have never lifted a hoe or a sack of grain. Few of us know that it took 30 years of trial and error research and development to gain the benefits of hybrid corn, a discovery that tripled America's corn production. Today many of our people think our food and fibers are manufactured by big supermarkets. We talk about undernourished people—we use the word "starving," but how many of us have seen a starving American?

However, Mr. Speaker, we do have starving people in this world; the estimates place them in the millions. And each year for the next 20 years we are going to add a new nation the size of France to this world; a noplacé, yet an everyplace state, of some 75 million souls to be fed, clothed, and sheltered by somebody, someplace. And come the year 2000, this exploding population will increase at an even faster rate.

Since the world food situation points to an increasingly tight world supply-demand balance in the 1980's and 1990's and beyond, this leaves the farmers and ranchers of the world with little choice but to increase food and fiber production to meet these new demands.

Our own country, Mr. Speaker, as the principal supplier of many of these agricultural products, is now faced with a new problem—a change in policy. Heretofore, the Committee on Agriculture, this House, the American people, have had the luxury of concerning ourselves with the old problem of managing agricultural surpluses—and farmer price supports. From this day forward, Mr. Speaker—even though some of us may say it will be slow in coming—we will be increasingly concerned, as we face each coming year with the new task of managing agricultural shortages. Already there are voices from some quarters advocating restricting exports, to hold down predicted food price increases. I call your attention to a lengthy article in the November 28, 1980, issue of the Wall Street Journal by Terri Minsky, entitled "Big Increases in Food Prices Loom as World Demands More U.S. Grain." I also want to remind my colleague that we have been paying, for the most part, for our oil imports with farm exports. I like to say the exports of grains and other farm products from our farms and ranches have made the difference these last several years whether the average American has walked or ridden to work.

We are also faced, Mr. Speaker, with several other problems that can only be solved by more and better research. We must find a way to reduce the cost

of producing food, which today is driving farmers and ranchers off the farm and raising the cost of food to consumers. We must also consider that current technology will only permit us to increase food and fiber production by putting additional land into production or by applying increasing amounts of fertilizers and pesticides, all of which will require more petroleum-based energy. Even if we could rely on these current technologies we would find them hardly capable of increasing production to meet more than several years of anticipated population growth. The fact is we have little land to put into production and other existing technologies require increased use of already short petroleum and, additionally, increase environmental hazards.

The bill I am introducing today extends the goal set forth in the 1977 Act to double agricultural research, extension, and teaching in the food and agricultural sciences over the period 1976 to 1981 by extending the goal 5 more years to fiscal year 1987.

Congress must take the lead, as it has since the days of Abraham Lincoln, to insure that American farmers, ranchers, and the food and fiber industries of our country have the scientific technology in the form of tools, seed, animal breeds, and know-how to provide a bountiful and safe food supply, at reasonable costs, for our own people and the ever-increasing demands of an exploding world population.

My bill also contains a number of technical amendments to the 1977 Agricultural Research, Extension, and Teaching Act to reinforce the Federal-State research and extension partnership, to strengthen the land-grant college and university system, by increasing in law its representation on the Joint Council, and to require that Hatch formula funding to State Agricultural Experiment Stations constitute one-fourth, 25 percent, of all funds appropriated to the Secretary of Agriculture for food and agriculture research. The bill further establishes an Assistant Secretary for Agriculture Research, Extension, and Teaching, thus elevating the current Administrator and his function to the hierarchy of the Department of Agriculture, a place of eminence this function has traditionally held in USDA. The bill also establishes for the first time an aquacultural research and extension program with the Department of Agriculture, which includes a modest \$7,500,000 Federal-State research program to improve the productivity and marketability of domestic aquaculture to meet the domestic market for aquatic food.

Mr. Speaker, I recognize that the outgoing administration has a draft proposal to amend title XIV of the 1977 farm bill. I have been made privy

to this proposal. I am also aware that the National Association of State Universities and Land Grant Colleges also has recommendations that will be finalized within the very near future. Also distinguished members of the President-elect's transition team, as well as the Office of Technology Assessment, have been looking at means to improve our agricultural research and extension system. This bill I am introducing today includes many of these proposals. Hopefully my bill will act as a catalyst to lay all of these ideas before our Agriculture Committee and in the end will further strengthen what has been the backbone of this Nation—American agriculture. ●

#### COMPREHENSIVE OIL POLLUTION LIABILITY AND COMPENSATION ACT

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. BIAGGI. Mr. Speaker, I am introducing today a bill—for the third Congress in a row—to provide a comprehensive system of liability and compensation for damage caused by oil pollution and for removal costs. This bill is essentially the same as H.R. 85, which was passed by the House during the last Congress by a recorded vote of 288 to 11. It is also very similar to a predecessor bill, H.R. 6803, that was passed by the House during the 95th Congress.

I believe many Members of the House are familiar with the reasons why the oilspill title of H.R. 85 failed of final enactment. Suffice to say that these reasons did not relate to the merits of that title. The concept of a comprehensive oilspill liability and compensation bill has long been accepted and the bill that passed the House was generally acceptable to industry, the administration, and environmental groups as well as to four committees of the House. I am hopeful that now that Congress has dealt with spills of hazardous substances and clean up of hazardous waste dump sites, we can focus on oilspill legislation without the confusion of issues that was engendered by considering all three subjects at once. I have been assured by Members of both Houses that consideration of this legislation will be a priority matter in the 97th Congress.

This legislation had its inception over 10 years ago when the tank vessel *Torry Canyon* grounded off the southwest coast of England in 1967. In that incident, approximately 100,000 tons of crude oil were spilled into the ocean and ultimately fouled the shores of the British Isles and the coast of France.

The oil pollution problem was again highlighted in 1969 when a production platform off Santa Barbara, Calif., suffered a blowout that lasted for many days and discharged considerable amounts of oil before it could be brought under control.

Since then, numerous other casualties have highlighted the oil pollution problem and the need for a national and comprehensive oilspill liability and compensation scheme.

While existing oil pollution legislation permits compensation for cleanup and removal costs, there is no legislation that adequately and timely compensates those who have been victimized.

One particular casualty, the grounding of the very large crude carrier *Amoco Cadiz*—of 228,513 tons—off the coast of France on March 16, 1978, is a recent and memorable reminder of the need to establish such a system.

A recent and significant casualty that did affect our coastal environment and economic well-being was the blowout of IXTOC I in the Bay of Campeche, Mexico, on June 3, 1979. The impact of this spill and the resulting oil pollution of the Texas coastal environment and the waters of the Gulf of Mexico were extensive. The litigation of oilspill liability and compensation issues arising out of this incident are likewise extensive and no doubt will be protracted. Had the proposed legislation been in place, the alternative would have been fair, adequate, and prompt compensation to those who were victimized. Therefore, it continues to be necessary to provide for adequate compensation to those parties who suffer damage from the effect of oil pollution incidents occurring along our coasts and in the waters of the United States.

Prevention of oilspills is still considered to be the most effective means of protecting our coastal and estuarine environment from damage. The Port and Tanker Safety Act of 1978—which I was privileged to sponsor and pursue during the 95th Congress—should be very effective in this area of prevention. However, we cannot preclude the possibility of oilspills occurring due to mechanical failures and the carelessness of individuals.

In the United States, the public's concern had led to the enactment of a number of measures to improve the quality of our waters and control pollution. The Water Quality Improvement Act of 1970—which was subsequently amended by the Federal Water Pollution Control Act Amendments of 1972—and most recently amended by the Clean Water Act of 1977—declared, as a national policy, that there should be no discharges of oil into or upon our waters. In addition to numerous specific measures for the protection of the marine environ-

ment, they established liability on the part of spillers for the costs of cleanup. These acts, however, do not address themselves to the question of any damages other than for the costs of cleanup.

Three other Federal statutes have been enacted which do address the problems of liability for damages. In the Trans-Alaska Pipeline Authorization Act, the Congress in 1973—for the first time—addressed in Federal statute the issue of liability for damages other than cleanup costs. We created a compensation fund available to respond to damage caused by oil pollution from vessels moving TAP's oil to ports in the continental United States.

A similar scheme of liability and compensation was also established in the Deepwater Port Act of 1974 for oil pollution damage from offshore facilities constructed pursuant to the act or from vessels at those facilities.

The Congress—in enacting the Outer Continental Shelf Lands Act Amendments of 1978, during the last days of the 95th Congress—established a similar liability and compensation scheme for oil pollution damage related to OCS activities. The Coast Guard has enabling regulations for the establishment of a federally administered Outer Continental Shelf fund to provide compensation for losses which are not otherwise compensated. These regulations detail requirements for the establishment of financial responsibility, settlement and adjudication of claims, notification of oil pollution incidents, designation of pollution sources, and many other related provisions.

These measures are necessary to insure that funds are available to pay for the prompt removal of any oil spilled or discharged as a result of OCS activities—and to compensate for any damage to public and private interests caused by such spills or discharges when, for whatever reason, payment is not made by those responsible for the source of the oil pollution.

While this offshore fund legislation focuses on oil pollution incidents arising in connection with OCS activities, it contains parallel provisions to the House-passed bill H.R. 85, which was not acted upon by the Senate during the latter part of the 96th Congress.

The bill I am introducing today likewise parallels these provisions and will expand the scope of coverage to include virtually all marine oil pollution from vessels and from onshore facilities. My proposal would continue the imposition of strict liability on persons responsible for an oilspill—while creating a domestic compensation fund that would be available to settle claims in excess of a spiller's liability.

The concepts of this bill have had broad support from the users of oil—from the oil industry itself—from the

insurance industry which does the underwriting—and from many environmental groups. The bill I am introducing today should continue to receive overwhelming bipartisan support. The bill:

Establishes strict liability for the owners and operators of the source of oil discharges;

Creates a backup compensation fund to respond to damage claims which are not satisfied;

Provides for the establishment of an oil pollution trust fund supported by a tax of 1.3 cents a barrel on crude oil and petroleum products;

Provides for superseding duplicative funds and procedures which now exist in various Federal and State statutes;

Provides for evidence of financial responsibility sufficient to satisfy the maximum amount of liability; and

Provides a simple and workable claims settlement procedure.

I reiterate my prior conviction that this bill is practicable in application—and fully considers the needs of those who have been victimized by oil pollution. I firmly believe that we must act now in the public interest and provide a comprehensive oil pollution liability and compensation scheme.

One might ask: "Why has this legislative initiative—if it has broad support—met strenuous opposition by our colleagues in the Senate?" Before commenting, I might note that only a limited number of our colleagues in the Senate have voiced opposition—but those few have been successful in preventing enactment of this important legislation in the last three Congresses.

Prior to discussing the issues which prevented enactment, I would like to discuss the study by the Attorney General on the methods and procedures for implementing a uniform law providing liability for cleanup costs and damages caused by oilspills from ocean-related sources. This study was reported to the Congress on July 3, 1975.

As many of you might recollect, during Congress consideration of the Deepwater Port Act of 1974, Public Law 93-627, enacted on January 3, 1975, the weaknesses in oilspill liability and compensation laws became indisputably evident. The Senate, in particular, adopted a provision which required that "the study shall give particular attention to methods of adjudicating and settling claims as rapidly, economically, and equitably as possible."

I believe that the Attorney General's study and his report have served as valuable background to the intricate legal problems associated with oil pollution liability and compensation. I further believe that the bill we passed in the last two Congresses and the bill I am introducing today have considered or adopted all of the recommendations in the report.

One of the major issues which received and continues to receive considerable attention is the question of preemption of State laws.

It has been claimed that, by permitting the States to establish liability schemes and other requirements as they see fit, the States—on an individual basis—can develop such strict requirements that the owners and operators of all modes of transportation—that is, vessel, truck, train, and pipeline—and the owners and operators of storage, transfer, and processing facilities will exercise such extreme care and diligence that there will be no oil pollution. This is simply not true. This is what I call emotional reasoning—completely without foundation, in fact.

The simple fact is that in any business or industrial activity, there is a recognized potential for damage with attendant liability. Even the homeowner or renter recognizes that he can cause damage to a visiting guest and can be made liable for those damages.

The issue of liability touches all of us in our day-to-day activities, and we protect ourselves by obtaining the necessary insurance. The transportation industry, the oil industry, any industry—like the homeowner or renter—protects itself with insurance.

No matter what liability limits are established—and no matter who, State or Federal, establishes them, the end line is insurability. For example, if a vessel operator cannot obtain insurance, then there will be no vessels carrying the needed oil. The same can be said for the other modes of transportation. A case in point is the history of the oil pollution liability law in the State of Florida.

While the Supreme Court upheld some provisions of that law, the inability to insure to meet these provisions—and the resultant loss of vessel transportation of oil—created a serious oil distribution problem that was only remedied when these provisions were not enforced. As a matter of fact, they were eventually brought in parallel with existing Federal law, where they remain today.

It is also argued that the States should have the right to maintain their own funds—to charge their own fees—and to provide for the payments of any economic or natural resources damages they see fit.

No one argues with this right, and no one wants to see an erosion of State power. However, one must think of the consuming public—the ones who will, in the end, pay for whatever liability and compensation scheme or schemes are developed.

A patchwork of oilspill liability and compensation laws on the Federal and State levels can only create excessive bureaucracies and a mass of paperwork.

How can the various affected industries and transportation modes cope with 50 or more liability and compensation schemes and funds, which I am sure are going to be varied and complex? The burden we are imposing—if we do not preempt State laws in this field—will only create a greater burden on you and I, the paying consumer. I sympathize with those who advocate State's rights, but I have considerably more sympathy for the paying consumer.

I believe we must ask ourselves, "What do we really want and how can that best be achieved?"

First, we must consider what damage should be made compensable.

Second, we must examine the limit of liability we want to impose.

Third, we want to make sure that, no matter what the damage is, there will be funds available for compensation.

Fourth, although we want the oil industry to pay for the creation of a fund, it must be recognized that the user of oil—the consumer—in the end will be paying through increased cost of the product.

I believe my bill provides for a simple and practicable system for the compensation of a broad range of oil pollution damage. It also imposes reasonable and insurable limits of liability on the owner or operator of the particular transportation mode or facility—thereby making him the front-line payer in most instances, and insuring frontline responsibility for responding to an oil pollution incident.

Another issue which has had extensive review is the limit of liability problem. During the 95th and 96th Congresses, the hearings on H.R. 6803 and H.R. 85, respectively and the attendant reports clearly documented the rationale for certain limits of liability.

The bill provides that, in the preponderance of incidents, the source of the pollution will be liable for all claims. In those cases where the pollution is extensive, the source of the pollution will be held liable for all claims up to reasonable and insurable limits, while the owner of the oil carries the burden for claims exceeding those limits by contributing to the fund. Thus, the cost of oil pollution is spread between the owner or operator of the transportation mode or facility from which oil enters the environment—and the owner of the oil which creates the pollution risk.

Ultimately, of course, as I have previously stated, the cost is reflected in large measure in the cost of the product—and is therefore borne by the user of the oil, the consumer.

Different limitations of liability are necessary due to the many varied modes of transportation and facilities. With respect to different limits of liability for various types of vessels, it is

readily apparent that a general cargo freighter—carrying only oil bunkers for the vessel's operation—does not present as great a risk of oil pollution as a tank vessel that not only has bunkers on board but also carries a cargo of oil.

The same rationale is applicable to tank barges, which often carry considerably less than a self-propelled tank vessel. However, it must be remembered that limitations of liability do not reduce the amount of funds available for payment of damages, since the fund—which is supported by all oil owners—is available to pay any additional amounts above the limitations.

During the last two Congresses, there was considerable discussion within both the Subcommittee on Coast Guard and Navigation and the Committee on Merchant Marine and Fisheries on a maximum ceiling of liability for tank vessels. There was eventual agreement on a maximum level of \$30 million, because this was reported as being the so-called insurable limit, the limit of coverage that could be provided by the international insurance market.

Another issue which I have reviewed and reconsidered is the many purposes which have been advocated for the use of the fund. I still believe that the fund should be established for limited purposes—and should provide an immediate source of available funds for cleanup and should assure reasonable and expeditious compensation to the damaged party. I do not believe the fund we are establishing should be available for the payment of costs which are of a capital or research nature—and which are normally subject to authorization and appropriation processes.

A final issue of a somewhat lesser concern has been the method and procedure for processing claims and the related administration of the fund. The bill is designed to provide for minimal governmental interference—with strong incentives for prompt and equitable settlement using detailed statutory provisions. I believe that many of these procedures are so important in creating substantial incentives to settle damage claims that they cannot be left to the imagination of the administration through regulatory and rulemaking procedures.

Further, many of these requirements—such as types of claims payable; types of investigative, court, or attorney fees; and the availability of interest charges—are so substantive that we might create a vacuum if they were not included in the bill.

The objectives of my oilspill liability and compensation legislation are to:

Establish one fund at the Federal level that will provide ample money for prompt compensation of oilspill damage;

Establish one set of oilspill liability laws for the entire Nation, covering all types of oilspills from all sources;

Remove the overlaps and bare spots of the present patchwork system; and

Minimize the bureaucracy.

This, in turn, will benefit the one who has been victimized as well as the one who will pay for this compensation—the ultimate consumer of oil.

I, therefore, am introducing legislation similar to H.R. 85, which was passed by the House during the last Congress, for reconsideration by this Congress.●

#### A TRIBUTE TO SECRETARY OF COMMERCE PHILIP M. KLUTZNICK

#### HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. ROSENTHAL. Mr. Speaker, I rise today to pay tribute to Philip M. Klutznick, the outgoing Secretary of Commerce. Mr. Klutznick has served in some significant capacity under every Democratic President since Franklin Roosevelt. He is an important link between our generation of governmental leaders and those who established the era of social justice and social progress in the United States under the New Deal.

As Secretary of Commerce, Mr. Klutznick infused this administration with his deep personal concern for the welfare of his countrymen, and his profound desire to see the American business community prosper in tandem with the improving welfare of the American people. During slightly more than a year in office he has advanced a great deal of difficult legislation. The "shippers export declaration" legislation is an important addition to our body of laws, as is the new patent bill which should assist the U.S. ability to utilize innovations.

Mr. Klutznick's career as a diplomat, first under President Eisenhower and then under President Kennedy, was of great significance for this country since he was one of the first of our senior diplomats to show a profound interest in the development problems of the nations of the Third World.

Widely active in the affairs of the American Jewish community, Mr. Klutznick has historically led the way in building ties between this Jewish community and the Arab world. He has long enjoyed the respect of the Arab Ambassadors in Washington, and he is a welcome guest in many of the Arab capitals. His term as president of the World Jewish Congress was marked by his usual spirit of broad

humanitarian concern for all the people of the world.

We associate Mr. Klutznick with Franklin Roosevelt, his wife Eleanor, with Harry Truman, Adlai Stevenson, and our late distinguished Senator from New York, Herbert Lehman. I am sure that he will remain vigilant in his attention to the affairs of our country so that we may once again see him grace the halls of Washington. While he sojourns in Chicago I wish him good health and happiness. ●

**TO ESTABLISH A NATIONAL SCIENCE COUNCIL TO DECIDE ON SCIENTIFIC FACTS**

**HON. WILLIAM C. WAMPLER**

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. WAMPLER. Mr. Speaker, last February 13, I introduced legislation, H.R. 6521, to divide the regulatory decisionmaking process into two stages. The first stage would have a scientific council define and evaluate the scientific question of whether or not a substance was a risk—a hazard—and to what degree it was a hazard. In the second stage, our current regulators would assess the significance of the risk—the benefits, if any, to be derived from the substance and the appropriate means, if any, for limiting its use.

To accomplish the first stage would require the creation of an independent science body of the highest qualifications to make the scientific risk evaluations, to assure that our regulatory decisions are based on the best objective science available. A section-by-section analysis of my earlier bill, titled "The National Science Council Act of 1980," was placed in the CONGRESSIONAL RECORD page 2791 on February 13, 1980. As a result of favorable comments received from numerous scientists in academia and industry in a detailed review of my bill, I have made one modification to the bill I am introducing today. H.R. 6521 would have placed the task of selecting the scientists after they were nominated by the National Academy of Sciences in the President of the United States. Many of those commenting on the bill felt that allowing the President to select the Council members would make the Council subject to political manipulation. Most of them would have preferred having the Academy nominate and select the Council. But the Academy itself opposed the task of selecting the final makeup of the Council and also providing for its facilities, administrative staffing, and furnishing other administrative activities required to support the Council. H.R. 6521 would have required the Office of Science

and Technology Policy to have provided this support.

The bill I am introducing today would transfer these tasks—that of selecting the scientists to make up the Council and that of providing for its administrative support—to the Chairman of the National Science Board, the independent governing body of the National Science Foundation. This action, it is thought, would further increase the independence of the Science Council.

Mr. Speaker, we must halt the confusion now existing in the different regulatory decisionmaking agencies of our Government over whether or not a particular substance should or should not be banned from our food or use in the workplace, such as saccharin and nitrite, to name a few.

The failure of Federal agencies to adopt a consistent approach to identifying and regulating these substances has imposed an increasing number of stringent and desperate restrictions on the uses of chemicals, without a sound scientific basis for many of these actions, thereby limiting the quantity, quality, and variety of food, fiber, and forest products available to consumers. The failure on the part of the regulators in Government to follow good scientific procedures has evoked such severe criticism by consumers and by scientists in Government, academic institutions, and industry, that the Congress has become increasingly involved in implementing regulatory policy with respect to these substances.

Hopefully, Mr. Speaker, this problem can be cured administratively but in the event it cannot, this bill will go a long way toward correcting this most severe regulatory problem. ●

**NO MEDICAL DEFENSE TO A NUCLEAR ATTACK**

**HON. JONATHAN B. BINGHAM**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. BINGHAM. Mr. Speaker, during the past year Dr. Howard H. Hiatt, dean of the Harvard School of Public Health, has performed a great public service by pointing out the impossibility of providing anything like adequate medical care for the vast numbers of people who would be critically injured in a nuclear attack, regardless of any alleged civil defense preparations. His efforts have struck a responsive chord in the medical community, both here and abroad.

Last month leading American and Soviet doctors met in Switzerland and agreed that "Physicians in a post-attack period would be unable to provide effective care for the sick and injured." The following article about the meeting from the Boston Globe of

Sunday, December 7, 1980, is of particular interest now that some American leaders are saying a nuclear war would be survivable:

[From the Boston Globe, Sun., Dec. 7, 1980]

**UNITED STATES, SOVIET DOCTORS AGREE  
N-DEFENSE AN ILLUSION**

(By Richard A. Knox)

A group of Soviet and American physicians meeting in Switzerland agreed yesterday that nuclear war between the superpowers would be "an unparalleled human disaster" and that civil defense measures designed to save significant numbers of civilians in either country are "an illusion."

The outcome of the unprecedented discussions, which included three of the Soviet Union's most prominent medical authorities, was learned in telephone interviews with members of both delegations at the conclusion of the two-day sessions.

The doctors' talks also produced agreement that:

"Physicians in a postattack period would be unable to provide effective care for the sick and injured."

Even if nuclear weapons are never used, the enormous price tag of the nuclear arms race "is diverting scarce resources desperately needed for medical and human needs."

"Physicians can and should make important contributions to the prevention of such a disaster," the bilateral group said.

The doctors' joint declaration was adopted during the first-ever formal discussions between medical leaders of the two leading nuclear powers on the human consequences of nuclear war and the arms race.

The talks, which took place Friday and yesterday, officially launched a new doctors' organization called International Physicians for the Prevention of Nuclear War. After the two delegations agreed on the main principles behind the group, the Soviets asked to add a plea for "all physicians of the world to raise their voices against nuclear war and for nuclear disarmament."

"Our task is to show the people of the world what nuclear war is," Dr. Eugene Chazov, Soviet deputy minister of health, said yesterday in a telephone interview with The Globe from Geneva. Chazov is co-chairman of the new group with Dr. Bernard Lown of the Harvard School of Public Health.

"In some countries there is a new understanding of the consequences of nuclear war," he added, speaking through an interpreter. "In this sense I would like to recall the words of Albert Einstein when he was asked a question concerning when World War III would start. He said: 'I don't know when it will start. But I know for sure there will be no World War IV.'"

The Geneva meeting is the latest in a rapidly growing new movement among physicians designed to call attention to the horrors of nuclear war, which Dean Howard H. Hiatt of the Harvard School of Public Health has called "the last epidemic."

The effort, which began last February with a much-publicized conference in Cambridge on the medical consequences of nuclear war, has since spread to the medical communities of other countries—and even captured the attention of the politically conservative American Medical Assn.

A group of British doctors last month announced the formation of a group called Medical Campaign against Nuclear Weapons "to heighten the awareness of the medical profession and of those concerned with

public policy about the medical implications of nuclear war."

Hiatt spoke to the AMA Board of Trustees in June on the role of doctors in preventing nuclear war as "our only recourse," and last month the Journal of the AMA carried an editorial by him on the issue. Tomorrow at the AMA's interim meeting in San Francisco the organization will consider a resolution calling for "the immediate education of all physicians concerning the catastrophic consequences of thermonuclear warfare."

The Geneva meeting was the first to recruit leading Soviet physicians into the effort. The US and Soviet delegations agreed on the agenda for the first full-scale working session of the groups, to be held March 19-26 at a location near Washington.

The three Boston doctors who initiated the private meetings said from Geneva yesterday that they were startled to achieve agreement on the group's main principles from such highly placed Soviet physicians—especially on the unequivocal statement regarding civil defense.

"We were rather taken aback, quite frankly, that the Soviets would agree to that," Lown, the leader of the American delegation, said. Many US politicians and defense analysts portray the Soviets as counting heavily on large-scale civil defense measures, such as mass evacuations, to ensure greater "survivability" following a nuclear attack.

During the recent US election campaign, both Ronald Reagan and George Bush said that nuclear war is survivable and that the Soviets are basing military strategy on the assumption that a significant proportion of the population can be protected from nuclear attack.

"All we've heard lately is that the Soviets are preparing for war," said Dr. James E. Muller of Harvard Medical School, a Russian-speaking heart specialist who helped organize the talks and went to Geneva. "These doctors are saying that such preparation is futile."

The Americans said they were relieved that the Soviet doctors seem determined to avoid using the new organization as a propaganda platform. In June, after the Bostonians first contacted Soviet physicians to propose a joint campaign against nuclear war, they received a letter that blamed US imperialism for initiating and perpetuating the nuclear arms race.

There was no such posturing this weekend, the US doctors said, and their Soviet counterparts seemed "especially eager to depoliticize the major questions."

When the issue of the June letter was raised by the Americans, Dr. Eric Chivian of the Massachusetts General Hospital reported, "the Soviets themselves said, 'If we get into this it will sabotage our medical purpose. We are not politicians or military experts, we are doctors.'"

In discussing the short- and long-term consequences of nuclear war, the group will try to avoid politics by staying close to health effects and medical capabilities in the wake of nuclear exchange. "At the same time," Chivian said, "we have no doubts that everything we say will have tremendous political implications."

"In this struggle we must unite all physicians regardless of their political views," Chazov said yesterday. "If nuclear war starts, there will be huge losses of both American and Soviet peoples."

The March meeting will be a series of workshops in which various experts from the two nations—and possibly from other

countries as well—will attempt to quantify and describe the immediate and long-term effects of a nuclear attack.

Chazov, a cardiac specialist who is also chairman of the USSR's union of cardiologists and director-general of the National Cardiology Research Center in Moscow, has known Lown for 15 years through medical exchanges with US heart researchers.

Another member of the Soviet delegation, Dr. Mihael I. Kuzin, was dean of the First Moscow Medical School 13 years ago, when Muller was a student there. He is now director of the Veshnevsky Institute of Surgery in Moscow, where one of the Soviet Union's major treatment centers for serious burns is located, and the author of a book on the effects of nuclear war.

The third member of the delegation, Dr. Loenid Ilyin, is chairman of the National Committee on Radiation Protection, director of the National Institute of Biophysics and an expert on the radiation effects of nuclear explosions.

All three are members of the 13-man Presidium of the Soviet Academy of Medical Sciences, a select group of only 130 leading academicians.

The American doctors said they were encouraged that the Soviets sent doctors who were qualified experts to discuss the medical effects of nuclear war. "On two counts it is extremely important who they have chosen to send," Muller said. "They are among the important Soviet physicians and their areas of expertise are related to the problem."

A Soviet television camera crew accompanied the three Soviet doctors to Geneva to tape the joint declaration for a national newcast in the USSR tomorrow.●

#### SMALL BUSINESS AND FAMILY FARMS PRESERVATION ACT

HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. ROTH. Mr. Speaker, today I introduced legislation designed to correct certain inequities in the estate and gift tax law. My legislation will amend the Internal Revenue Code of 1954 to increase the unified credit against estate and gift taxes so that estates under \$500,000 will not be subject to estate tax and to increase the gift tax exclusion from \$3,000 to \$6,000.

Almost everyone in America suffers today from excessive taxation. However, in the area of estate and gifts taxes, the situation has dramatically damaging effects on individual taxpayers and creates far-reaching negative economic impacts.

The entire estate and gifts tax structure is heavily slanted against passing down family farms and small businesses. In my view, it is a tragic situation that family farms and small businesses cannot be passed from generation to generation because the estate taxes are too high.

Moreover, these taxes serve as a real disincentive to productivity and innovation because there is little desire to

create and build a productive business if it cannot be passed down to one's heirs. The purpose of estate and gift tax laws has always been redistribution of wealth, not revenue raising. In the name of redistribution, we are now facing the social problem of small businesses and family farms that cannot be passed from generation to generation and yet the tax only brings in approximately 1 percent of Federal revenue per year.

Another point has to do with entities to which these farms and businesses are being transferred. Competition from enormous corporate interest has spurred the trend toward agribusiness. Many of these farms and small businesses being transferred to large conglomerates include some owned in part or in whole by foreign interest, thereby creating the possibility of foreign encroachment on private ownership by U.S. citizens.

The current rates, deductions, exclusions, and credits were last revised in a major way during the formulation of the Tax Reform Act of 1976. Current estate and gift tax rates were merged into a single system by that law. Inflation has made a mockery of these figures. Further, the 1976 drafters failed to raise the gift tax exclusion, which has been in existence since 1942. For example, individuals who pay more than \$3,000 for a child's college tuition or for an elderly parent's medical expenses must pay gift taxes on the excess over \$3,000.

In short, the entire estate and gift tax structure is heavily slanted against passing down family farms and small businesses. It is forcing many to sell out or liquidate before death in order to pay the estate tax bills. My legislation would help to correct this problem and provide a more equitable transfer of property to future generations. I welcome my colleagues to co-sponsor this badly needed legislative relief.●

#### FACTS AND VISIONS

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. PEYSER. Mr. Speaker, in September 1980, I had the opportunity of being at Harvard University where my son Tom had just enrolled as a freshman. While there I attended the Opening Day ceremonies and listened to a sermon preached by the Rev. Peter J. Gomes. I was so impressed by what he had to say that I requested his permission, which he granted, to have the text of his sermon appear in the CONGRESSIONAL RECORD. It is my opinion that the freshmen Members of Congress, as well as other Members, could gain a great deal by reading

what Rev. Gomes has to say. If they just insert "The Congress" where Harvard is spoken of and "Members of Congress" where students are spoken of, it is my feeling that this message would be a great help to all of us. I am pleased to insert the text of Rev. Gomes' sermon:

#### FACTS AND VISIONS

A sermon preached in the Memorial Church, Harvard University, by The Reverend Peter J. Gomes, Minister and Plummer Professor of Christian Morals, Freshman Sunday, September 7, 1980.

Text: For there is still a vision for the appointed time.—Habakkuk 2:2 N.E.B.

Let me once again take this opportunity to welcome to Harvard and to this church the members of the Class of 1984 and their parents. In a class of great accomplishment and distinction, it perhaps can be said that you have already achieved your greatest accomplishment to date: and that is surviving the fact of your arrival yesterday. Here in Cambridge we conspire to provide a heaven-sent day and hell-bent traffic as the final test for admission. Our theory is if you can survive the traffic of Harvard Square and the confusion of the College Yard, the lack of directions to dormitories and the seemingly random nature of the driveways and paths, then you are truly the sort of survivor that Harvard and Radcliffe want. We therefore salute you, the survivors. But there is, of course, much more to it than all that, though "all that" is quite considerable. And that is why I have the privilege of the "first word" with you upon your arrival. Your Harvard experience begins here in the Memorial Church not because we don't know what else to do with you, but rather because we want to impress upon you the fact that you cannot make it here alone, or on your own. We begin together here because we need you: the new and vital members of our ancient community of scholars. And you need us, because we know where the bodies are buried; we need one another and each other; and, indeed, this service affirms that we need God as well to be a central part of our enterprise here. Thus we begin together: an old adventure for some of us, and a new and thrilling adventure for most of you, and we begin it together in the presence of God, who was before we were and who will be long after we are gone. It is important to remember that, especially as you come to terms with your accomplishments and those things that remain to be done. To begin in church is to acknowledge with profound and simple modesty that we don't know enough and that what we do know is not enough. This church will stand to remind you all of your days here that all of the facts of Widener and the Science Center are not sufficient if there is no vision to set those facts in order, to provide priority, proportion, and perspective to our lives. And it will serve to remind you as well, that there is a vision for the appointed time.

Now you bring to us so many gifts and talents: your board scores, your letters of recommendation, your parent's tuition. You bring us the diversity of the earth and the special skills of special people. There may even be among you some mediocre, normal, and ordinary people as well. I certainly hope so for there are many of us already here who crave your company and support as well. Perhaps you are not unlike the boy from the Ozarks who, when it was announced that he was admitted to Harvard, was asked, "What are you going to study

there?" He replied, "Oh, I am not going to study anything; they are going to study me." There comes from time to time that terrible time in the freshman year when you are convinced that you are an unwilling subject in some bizarre human experiment conducted in the admissions office, or, at worst, you are "a demographical distributive factor" in the diversity machine. On those days you will long for New Haven or for such other exotic foreign parts, but the fact of the matter is you are here, most of you for the duration, and, by God's grace, and your own hard work, you had better come to terms with that reality, and the sooner the better. It is at just such points as this that you need to be reminded that you are neither the first nor the last to go through these trials of spirit here. You are in fact not the first class of '84, there have been three before you, and while not one of those classes has produced a single memorable figure in history, they nevertheless survived, even as will you.

Survival is not enough, however, for you expect and are expected not only to spend quantity time but quality time here as well. And what, we might ask, can you contribute to the quality of the time spent here with us in Cambridge? Well, by who you are, you contribute a freshness and a vitality, a newness to the scene and the enterprise. Some will call it naivete; but if it is naive to buy a book with the intention of reading it, to take a course with the intention of learning from it; to make a friendship with the intention of growing from it, then we need more of that naivete in this place. You do not yet know our ways and so you will bring us the vitality of your own ways of thinking, being, and doing. That is how this great and good place has come into being over nearly three and one half centuries: it has willingly accepted the variety of gifts of its members and made them its own. You have your ideals and your wonder to bring here and you should not be ashamed of making those gifts to so venerable a place as this.

You have what it takes, so take what you have and enrich the place and your part in it by sharing in the spirit and substance of its labors. This means in some measure that you must have a hearty regard for facts. You must care to think and know whereof you speak. In these days of cheap opinions and cheaper words, that is easier said than done, but it is nevertheless for you to do with us. Have a regard for what you say: say what you mean and mean what you say, not bad advice, even for Harvard students. The work of this place is accomplished in slow, measured cadences, accompanied by the accumulation of sometimes unassuming little facts, which, when taken together, assist us in the search for truth. The scholar in general and the Christian scholar in particular is very much a part of that process and has a healthy regard for the vitality of facts. Two times two is frequently four, and water seldom runs up hill. These indeed are "facts," and they help us orient ourselves in an increasingly dis-orienting world. The great historian of the American experience, Charles A. Beard, was once asked to write a little book on the lessons to be learned from history, a subject filled with "facts," so we are told. Professor Beard replied not with a book but with four simple and familiar aphorisms drawn from the collected folk wisdom of the west: 1. Whom the gods would destroy they first make mad with power; 2. The mills of God grind slowly but they grind exceedingly small; 3. The bee fertilizes the flower it robs; 4. When it is dark enough you can see the stars.

Now some of the clever among you can see in Professor Beard's answer the rudiments of the Harvard core curriculum: politics, moral philosophy, biology, and astronomy. But the fact of the matter is that these by themselves are a rather incomplete set of realities, true as they may be, upon which to build either a philosophy of history or a platform for the future. Incomplete because while they are true, they are sufficient enough to give us the full picture without vision to which we need to see our way. Major General Stanley in Gilbert and Sullivan's "Pirates of Penzance," was "the very model of a modern major general, with information vegetable, animal, and mineral," together with many cheerful facts about the square of the hypotenuse. But he was also a liar, a braggart, and a very stupid character. Harvard has produced more than its fair share of "modern Major Generals" since the matriculation of your predecessors in the class of 1684, but it has not produced its fair share of those men and women of competence and compassion, facts and vision, who see themselves as part of God's plan for righteousness, justice, and mercy in the world, but who accept the fact that not only is there still a vision for the appointed time, but that they are a part of that vision, have a place in it, a responsibility for it.

T. S. Eliot '13, writing of William James '69, once remarked, "he had a mind so fine that no idea could penetrate it." A fine mind is a wonderful thing: we specialize in that here. But it is not enough without an ample vision to inspire it, a passion to fuel it, and a faith to sustain it. (That is why it is the poets and not the philosophers who are remembered as the voice of an age.) Even in these cynical and self-serving times where it is difficult to see much of value surviving the threats and tantrums of the age, there is, in the word of that unpronounceable prophet, a vision still for this time, and it is the same old vision that has obtained from the beginning of time itself, the vision of the kingdom of God in which loving minds and learned hearts are put to the service of creation in response to the love of the creator.

Thus, when we read the Beatitudes we are reading not simply a formula for successful living in "never-never land," we are reading a vision for times such as these, a vision that sustains our own reality, a life-style to be aspired to in the midst of our despair. Blessed, or more accurately, happy are they who in the darkness hold onto this vision of how things can, ought, and must be if the darkness is ever to be overcome.

And you, my dear friends, are a part of all this: you are a part of the vision that can by God's grace transform mere facts into that truth that sets us all free from bondage to the past and fear of the future. You, and I, and this old college are part of that vision that in Christ has made us and sustains us, and in whose service is our only perfect freedom. It will not be easy, but most things worth accomplishing never are. There will be days when the effort to reconcile your facts with your visions will not seem worth the while, and there will be more congenial things to do and be. And yet you will never be what you can become until your mind is animated by what your soul sees: that is called insight, and by that light is the only journey worth taking made. May you begin that journey with us in this place today, and the grace of God go with you.

Let us Pray:  
Blessed Lord, what it is to be young,  
To be of, to be for, be among—

Be enchanted, enthralled,  
Be the caller, the called,  
The singer, the song, and the sung.  
(David T. W. McCord '23)●

## ARTISTS PENALIZED UNFAIRLY

## HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. RICHMOND. Mr. Speaker, in 1969, Congress decided to change the tax code specifically to stop elected officials from donating their personal papers to libraries or archives and receiving large tax deductions for those contributions. Congress acted properly in closing a large tax loophole which was, unfortunately, used by a few elected officials.

At the same time that Congress closed this loophole it quite unintentionally changed the tax laws that allowed artists to contribute their art works, manuscripts, and compositions to museums and libraries. This was never the intent of Congress, yet we have been unable to rectify the situation in 12 years. Unfortunately, an entire decade has come and gone and a tremendous amount of art work, manuscripts, and compositions have been lost to personal sales or outright destruction because artists can receive no more than the cost of materials when contributing their art work to a tax-exempt organization.

The unfairness of this situation is most evident when one considers an art collector may buy a work from an artist, keep that work for a year, and then give it away at its fair market value and receive a tax deduction for the full amount. While I do not suggest that it is unfair for the collector to receive such a deduction, I certainly believe it is unfair that the artist is prohibited from receiving a similar deduction for his or her work.

We continually ask the artists in our society to subsidize the museums and arts centers by contributing their time and talents, by working for minimum wages and by contributing their art work. It is time that we stop a gross negligence by the Federal Government and allow artists the deduction which they so rightfully deserve.

Ironically, when the artist dies, the same art work he or she could not give away for more than the cost of materials is now taxed, for estate tax purposes, at its full fair market value. This means, for example, that the artist may get a \$5 tax deduction for contributing an art work while the same art work—for which he could receive only a minimal deduction—is not taxed as part of his estate at the full fair market value which may be thousands of dollars.

The vast majority of artists do not sell all the art work that they produce

in their lifetimes. I have known several artists who paint 5 to 10 pictures each month. If, for example, an artist becomes regionally known and his works begin to sell for \$1,000 each and if he has 1,000 works left in the estate at the time of his death then the estate will be taxed by the IRS at \$1 million. The chart below will explain this tax structure. The family will have to pay \$308,000 if the artist was not married; with the marital deduction his widow will have to pay \$118,000. If the family does not have this much money to pay the taxes, then it would seem to follow that at \$1,000 apiece either 118 pieces or 308 pieces could be sold to pay the estate taxes. Unfortunately, trying to sell that much work in a short period of time gluts the art market and forces prices down. Second, these prices do not take into account any middleman. Thus, if the family decides to try and sell the art work through a gallery or an auction house—as is usually the case—the family might have to sell twice as many works to receive enough money to pay the estate taxes.

	Single	Married
Gross estate after deduction of:		
Administration expenses.....	\$1,000,000	\$1,000,000
Marital deduction.....		500,000
Adjusted gross estate.....	1,000,000	500,000
Total Federal and State estate taxes.....	308,000	118,000
Total Federal and State income taxes on sale of assets to raise funds to pay estate taxes.....	10	10
Total taxes.....	308,000	118,000

\*No income tax because of step up in basis of art work to estate value. Assumptions: (1) All art work produced after 1976. No consideration for other income earned by estate or heirs. (2) No consideration for estate tax added to basis. (3) Art work did not increase in value after death. (4) State estate tax equals credit for State tax on Federal estate tax return.

Mr. Speaker, because of this situation many artists have opted to destroy their art work rather than force their families into bankruptcy. Several well known artists have begun destroying their work. This is not only a loss of national treasures, it is also a national disgrace.

I have introduced legislation that will permit artists to donate their works to museums and other non-profit institutions. This legislation would take artists back to pre-1969, when they were allowed to take a full fair market tax deduction for contributing their works. The prohibition with regard to contribution of official papers by politicians would still remain in effect. Similarly, I have introduced legislation which would, from estate tax purposes only, allow the valuation of the art work left in the artist's estate at the cost of materials. All this would mean is that the family would not be forced to liquidate the estate to pay the taxes. If the estate decided to sell any individual piece of art work, then ordinary income taxes would still be paid on that sale. I have received several comments about these pieces of legislation

from artists and supporters of the arts and I would like to enter them into the RECORD at this time:

COMMENTS BY ARTISTS AND CULTURAL REPRESENTATIVES ON THE BILL TO RECTIFY ARTIST'S ESTATE TAXES.

This bill is essential to family security and piece of mind of every creative artist in the country. Evaluating artists' work at cost solves the agonizing problem of heirs having to quickly sell the art to pay the estate tax.

RUBIN GOREWITZ,

President, Artists' Rights Today.

The irony of an artist not to be able to afford being alive or dead can be creatively altered by the passing of your bill. Everyone survives in this change in the law, even the deceased is comforted. Thank you.

ROBERT RAUSCHENBERG,

Prominent American Artist.

The present estate tax situation is a glaring inequity. It seems to me an appalling contradiction that an artist giving a gift of his or her own work to a public institution may deduct only the cost of producing that work. (Usually about \$75.) At the artist's death that same work is then assessed at fair market value and this figure often reaches into the hundreds of thousands of dollars. The real losers in this situation are our public institutions, libraries, and museums and thus the American people. If we are to believe that the arts are a national resource, let us encourage them with this measure.

JAMIE WYETH,

Prominent American Artist.

Artists' Equity Association, the national organization for professionals in the visual arts, endorses H.R. 1720 so that created art work may be valued for estate tax purposes at the costs of artists' materials. In addition to relieving the punitive burden on artists' heirs, the legislation would, if enacted, bring the code into line with those portions that pertain to deductions for casualty losses and charitable donations.

GILDA ELLIS,

President, Artists' Equity Association.

I want to thank you for writing this bill to enable the artist at his death to leave his work evaluated at cost to his heirs. This would help stop the confusion between esthetic value and money, so that after death each painting could achieve its own value and be taxed as it is sold. Thomas Hart Benton whose morals adorned the Truman Library burned many of his works so his family wouldn't inherit an immediate, unusual tax burden. The passing of this bill will help normalize a stricken cultural situation.

JAMES ROSENQUIST,

Prominent American Artist.

An unfair contradiction exists in present tax law. In an artist's estate, his work is taxed at full value, but should he donate his works to an institution during his life-time, the works are valued essentially at zero. One end or the other of this contradiction

should be changed. I am very much in favor of H.R. 1720.

ROY LICHTENSTEIN,  
Prominent American Artist.

As an artist deeply concerned about the welfare of my family, I heartily endorse this bill. Being an artist is a risky and uncertain occupation. I am disturbed that I can contribute to a museum and only deduct cost of materials. If I give the work as a gift, I must pay a gift tax. I cheerfully pay all my taxes when I sell my work. When I die, my heirs under present law would be forced to pay large taxes on unsold works. Your bill redresses an unfair situation and I wish you great success in your endeavors.

GEORGE SEGAL,  
Prominent American Artist.

Mr. Speaker, these bills will rectify current tax structures which discriminate against artists and will provide some relief to the pressing financial burdens facing individuals and cultural institutions. I hope that my colleagues in Congress will act swiftly to pass these bills putting to an end glaring errors in the current tax laws unfairly penalizing artists and art institutions and insuring that the American people will have the opportunity to enjoy the creative efforts of contemporary artists.

I urge my colleagues to join with me in insuring that the tax inequities I propose to eliminate are ended in the very near future.

The following is the text of the legislation:

H.R. —

A bill to amend the Internal Revenue Code of 1954 to remove certain limitations in the case of charitable contributions of literary, musical, or artistic compositions, or similar property

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) subsection (e) of section 170 of the Internal Revenue Code of 1954 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end thereof the following new paragraph:

"(4) SPECIAL RULE FOR CERTAIN CONTRIBUTIONS OF LITERARY, MUSICAL, OR ARTISTIC COMPOSITIONS.—

"(A) IN GENERAL.—In the case of any charitable contribution of a literary, musical, or artistic composition, any letter or memorandum, or similar property if such property was created by the personal efforts of the taxpayer making such contribution, the amount of such contribution shall be the fair market value of the property contributed at the time of such contribution and no reduction in such amount shall be made under subparagraph (A) or (B) of paragraph (1).

"(B) CERTAIN CONTRIBUTIONS BY PUBLIC OFFICIALS.—Subparagraph (A) shall not apply in the case of any charitable contribution of any letter, memorandum, or similar property which was written, prepared, or produced by or for an individual while such individual was an officer or employee of the United States or of any State (or political subdivision thereof) if the writing, preparation, or production of such property was related to, or arose out of, the performance of such in-

dividual's duties as such an officer or employee."

(b) The amendment made by subsection (a) shall apply to contributions made after December 31, 1980, in taxable years ending after such date.

H.R. —

A bill to amend the Internal Revenue Code of 1954 to provide that the executor may elect to disregard, in the valuation for estate tax purposes of certain items created by the decedent during his life, any amount which would not have been capital gain if such item had been sold by the decedent at its fair market value

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) part III of subchapter A of chapter 11 of the Internal Revenue Code of 1954 (relating to gross estate) is amended by inserting after section 2032A the following new section:

"SEC. 2032B. VALUATION OF CERTAIN ITEMS CREATED BY THE DECEDENT.

"(a) GENERAL RULE.—If—

"(1) the decedent was (at the time of his death) a citizen or resident of the United States, and

"(2) the executor elects the application of this section,

then, for purposes of this chapter, the value of qualified creative property shall be determined under subsection (b).

"(b) VALUE OF QUALIFIED CREATIVE PROPERTY.—For purposes of subsection (a), the value of qualified creative property of the decedent shall not include any amount which would not have been capital gain if such property had been sold by the decedent at its fair market value (determined at the time of the valuation of the gross estate of the decedent).

"(c) QUALIFIED CREATIVE PROPERTY DEFINED.—For purposes of this section, the term 'qualified creative property' means any copyright, any literary, musical, or artistic composition, any letter or memorandum, or any similar property—

"(1) which was held by the decedent at the time of his death, and

"(2) which was created by the personal efforts of the decedent.

"(d) ELECTION.—The election under this section shall be made not later than the time prescribed by section 6075(a) for filing the return of tax imposed by section 2001 (including extensions thereof), and shall be made in such manner as the Secretary shall by regulations prescribe."

(b) The table of sections for such part III is amended by inserting after the item relating to section 2032A the following new item:

"Sec. 2032B. Valuation of certain items created by the decedent."

(c) Paragraph (3) of section 1014(a) of such Code (relating to basis of property acquired from a decedent) is amended by striking out "section 2032A" and inserting in lieu thereof "section 2032A or 2032B".

SEC. 2. The amendments made by the first section of this Act shall apply to estates of decedents dying on or after January 1, 1981.●

CONSTITUTIONAL AMENDMENT  
NEEDED TO LIMIT FEDERAL  
SPENDING

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. McCLORY. Mr. Speaker, in my judgment, no recent development has been more welcome or more urgently necessary than the spread of awareness among the American public and their elected representatives that our grave economic difficulties cannot be overcome unless and until the Congress and the administration take immediate action to control runaway Government spending and to eliminate massive Federal deficits.

Federal expenditures climbed \$86 billion, from \$493 billion to \$579 billion between fiscal year 1979 and fiscal year 1980, and are projected to rise by a nearly equal amount to in excess of \$660 billion in fiscal year 1981. It has been over a decade since the Nation has had a budget surplus, and meanwhile the national debt has increased from \$382 billion in 1970 to over \$908 billion in the latest figures available. Mr. Speaker, this is nothing less than fiscal madness.

In the last Congress, the Judiciary Subcommittee on Monopolies and Commercial Law, on which I have been ranking minority member, held seven hearings and heard testimony from over 40 witnesses on nearly 200 constitutional amendments to limit Federal spending. Those of us who favored this approach to restore fiscal integrity to our Government were frustrated by the unwillingness of our chairman to proceed to markup and by the lack of a broad consensus on a single workable formula. I am frankly optimistic however, that the recent election returns have reduced the first obstacle and that the second can be met by early agreement in this Congress among proponents.

The amendment I am introducing today, a modification of House joint resolution 269, which I sponsored in the last Congress, seeks to promote that consensus. It provides that expenditures in any fiscal year, including interest on debt but excluding expenditures for repayment of debt principal, shall not exceed revenues collected in that year, except revenues raised by borrowing on the credit of the United States, nor the average of expenditures as a percentage of gross national product over the 3 preceding fiscal years. Revenues would exclude amounts raised by borrowing on the credit of the United States, but such borrowing, except for refinancing of debt incurred prior to the amendment coming into effect, must be specific-

ly authorized by Congress for capital expenditures for a period of time not to exceed their useful life. Congress is mandated to provide by law for the repayment of the debt of the United States existing when the amendment comes into effect. Any provisions of the amendment may be suspended for a year whenever two-thirds of the Congress determines it to be necessary. The amendment is made applicable to fiscal years commencing more than 2 years after ratification.

My amendment embodies a number of concepts which I believe should attract broad support from the Members of the House. Among these are the following:

First, that expenditures should be both balanced against revenues and capped as a proportion of GNP;

Second, that if GNP is a measure that it should be retrospective over several years to achieve greater accuracy and to minimize the effect of swings in the business cycle;

Third, that borrowing for capital expenditures should only be for a period of time commensurate with the probable useful lives of the tangible assets acquired;

Fourth, that a separate capital budget is a concept which can be as viable on the Federal budget level as it is in most States;

Fifth, that a constitutional mandate for retirement of the Federal debt should be made flexible by not prescribing particular congressional action; and

Sixth, that provision for a congressional override by two-thirds vote is necessary and appropriate.

I commend this approach to my colleagues, I encourage your cosponsorship, and I pledge myself to work diligently to secure early passage of a realistic and effective spending limitation amendment in this Congress. ●

#### SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL

**HON. LEO C. ZEFERETTI**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. ZEFERETTI. Mr. Speaker, I have introduced today H. Res. 13 to reconstitute the Select Committee on Narcotics Abuse and Control in the 97th Congress. This measure is identical to the resolution that established the Select Committee on Narcotics Abuse and Control in the 96th Congress. The committee would be authorized "to conduct a continuing comprehensive study and review of the problems of narcotics, drug, and polydrug abuse and control," to review executive branch recommendations concerning drug abuse programs and policies, and to recommend legislation or other

action to the appropriate standing committees of the House. The committee would not have legislative jurisdiction.

Drug abuse and drug trafficking are among the most serious social problems facing our Nation today, and unfortunately, they will continue to present difficult challenges for the foreseeable future. Drug trafficking in the United States has become a \$50-\$60 billion-a-year industry. Our hard-won successes in reducing the level of heroin addiction and the number of heroin-related deaths and injuries nationally are now threatened by a new influx of high-grade heroin from Southwest Asia that has already created a heroin crisis in several eastern U.S. cities. Marihuana and cocaine use are at all-time highs, and the abuse of prescription drugs constitutes a serious threat, particularly for vulnerable populations such as the growing number of elderly people in our society.

Developing and implementing effective, long-term strategies to meet the problems of drug abuse requires the continued, concentrated effort of the Congress and the executive branch, working together with State and local governments, the private sector, and the international community. We cannot afford to lose the momentum that has been generated in the past several years. Continuing the Select Committee on Narcotics Abuse and Control will assure that the House has the resources and the expertise needed to conduct the comprehensive oversight essential to the formation of sound drug abuse policies and programs.

During the 96th Congress, the Select Committee on Narcotics Abuse and Control recommended that the House establish a permanent Special Oversight Committee on Drug Abuse and Control. The committee's recommendation was presented in a report to the House entitled "Recommendation for Continued House Oversight of Drug Abuse Problem" (H. Rept. 96-1380), a copy of which was circulated to all House Members. Because of the many changes in the membership of the Congress, and also because a new administration will soon take office, we believe it best to defer seeking permanent status at this time. Nonetheless, many of the reasons we offered for creating a permanent committee—namely, the scope of the problem, the need for comprehensive, coordinated oversight and the fragmentation of drug abuse jurisdiction among the standing committees of the House—apply with equal force to continuing the select committee for an appropriate interim period. I encourage each of you to consider these arguments carefully.

There is strong grassroots support to continue the work of the committee.

Parents, educators, State, local, and private drug abuse treatment organizations as well as law enforcement organizations have petitioned for our continuance. The National Federation of Parents for Drug Free Youth, comprised of concerned parent groups throughout the country, passed a resolution strongly supporting the continuance of the committee and conducted a letterwriting campaign to Members of Congress. These groups look to the committee as the only body in the Congress which is committed solely to address the complex problems of drug abuse and they need our continued support.

Drug abuse and drug trafficking affect virtually every congressional district. Controlling and preventing these menaces merit the bipartisan support of this body. I urge you to support the continuation of the Select Committee on Narcotics Abuse and Control and invite you to join with me in sponsoring H. Res. 13. ●

#### "SAME-TIME"/SUNDAY VOTING BILL

**HON. MARIO BIAGGI**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. BIAGGI. Mr. Speaker, last August I introduced a bill, H.R. 7928, to establish Sunday elections and uniform voting hours nationwide on a trial basis. At that time, I expressed my conviction that these two changes would help to stimulate our Nation's dismal voter turnout rate and prevent west coast voter apathy during Presidential elections.

Today, convinced more than ever that these election reforms are necessary, I am reintroducing this measure in identical form, and am hopeful it will receive prompt consideration.

Specifically, my bill would require that all general elections be held on Sunday, and all polls across the country open and close during the same 9-hour period of 12 to 9 p.m. (e.s.t.) in Presidential election years. The 6-year trial period would begin in 1982, with the Federal Elections Commission monitoring the impact of the changes on voter turnout.

The need for these changes is clear: Voter turnout has declined in every Presidential election since 1960;

The 1980 voter turnout was the lowest for a Presidential election in 32 years—with only 52.3 percent of all those eligible actually participating;

In non-Presidential elections, the figures are far worse—only 34 percent went to the polls in 1978;

Voter turnout in Western European democracies where national elections are held on Sundays averages nearly 40 percent higher than our own; and

Voter participation declined from 1976 in every Pacific time zone State, including Alaska and Hawaii, where polls were still open when the first projections of a Ronald Reagan victory were announced.

Since launching my campaign for "Same-Time"/Sunday voting last August, the proposal has received enthusiastic endorsements from the media, religious leaders, State election officials, and numerous other interested groups and individuals around the country.

Mr. Speaker, the facts clearly indicate that our current election process is failing us miserably. We must not allow this deterioration in our democratic process to continue. I offer my proposal as a responsible and effective solution, and urge my colleagues to join me in this crucial cause. ●

#### INTEREST RATES ADVERSELY AFFECTING HOUSING STARTS

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. HUBBARD. Mr. Speaker, to express his concerns about the problems homebuilders are confronting with uncontrollable interest rates, one of my friends, Frank W. Wagner, president of Wagner-Shuck Builders, Inc., of Owensboro, Ky., wrote the following letter to me. I want to share this letter with my colleagues because I believe that Mr. Wagner has included suggestions which could be beneficial to us in our search for solutions to the problem of decreased housing starts.

Carroll, it is obvious to you, no doubt, that our industry is in an extremely precarious position.

Something must be done right away to bring the interest rate down which is going to necessitate an immediate and no doubt unpopular move by someone in Congress. Any effort in this regard will most certainly mean an outflow or reduction in income to the treasury.

I have written to both Senators Huddleston and Ford begging for an immediate moratorium on income taxes charged against earnings on deposit in savings institutions earmarked for home financing. Our National Association has been asking for this for quite some time and there is sufficient evidence to indicate that the result of such action could instantly create adequate home financing money at a rate that many more Americans can qualify to pay. It is appalling to note that with 14% mortgage interest rates (which incidentally is the average rate here in Owensboro), only 9.1% of American families in this nation could qualify for a \$60,000 mortgage. More alarming, however, is that our industry, probably the second most significant industry in our country, is experiencing an unemployment rate in excess of 17%. The resulting inactivity plus the additional burden of those receiving federal assistance is creating billions of dollars in deficits to the treasury. One source quoted a 1% decrease in unemployment as

amounting to an increase of between \$20-27 billion being added to the treasury.

These are indeed complex problems and certainly there are several things the government can do to immediately help including, but not limited to, the lifting of income taxes on savings dividends to encourage deposits for the purpose of home loans. Something else which would immediately help the movement of existing house inventory would be a tax credit, which was most effectively done back in 1974-1975. Another proven method of stimulating sales would be the reactivation of the Emergency Home Purchase Act of 1974 (Brooke-Cranston). This is something we begged for back in May, but to no avail, which ironically, had this program been implemented then, mortgages purchased by GNMA at three points under market at that time could have subsequently been sold at close to par.

It is frustrating to me to see our government supporting farmers and other industry, but doing nothing to help our industry which is in a crisis situation because of government's inappropriate action.

I really did not mean to rattle on about our problems but we do need help and it has got to come from government and in order to help it needs to be fast. Out of the 15 largest builders in Kentucky, all but two are in precarious financial condition and many of the smaller ones have already failed.

I know that of all the people in office you are indeed one of the most concerned for the welfare of our industry and feel that we can continue to count on you for support. Perhaps with your close connection with the House leadership, you may just be the one to help solve some of our problems. Needless to say, any efforts in this regard will be greatly appreciated and I would be most anxious to supply you with direct and precise facts concerning our problem. ●

#### WILL RUSSIA INVADE POLAND

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. ASPIN. Mr. Speaker, Americans are breathing more easily about Poland, generally believing that each day that passes without a Soviet invasion makes an invasion all the more unlikely. But, in reality, the most dangerous time for Poland is just around the corner—and the chances of a Soviet invasion are very high.

Looking at recent U.S. press accounts, the most widely accepted interpretation holds that Moscow has been prepared militarily to invade since early December. But there is strong evidence that Moscow is not yet prepared, either militarily or politically.

The main piece of evidence for a lack of political preparedness is the absence of a constant propaganda line. Before any major initiative, Moscow always starts greasing the propaganda skids by telling the world how bad are the conditions the Red army is planning to cure. That has not yet happened.

On December 6, Moscow hosted an Eastern summit that underscored

Moscow's lack of political preparation. The Rumanians were invited and attended. Because of their firm opposition to Moscow's claimed authority to preserve the Communist commonwealth, the Rumanians would never have gone to that summit if a propaganda line had been fixed and they thought a decision to invade was preordained. It is probable, therefore, that they attended because they knew a decision remained to be made and they hoped to be able to influence the outcome.

The final political preparations have most likely not been made because the Russians are unready militarily. The Russians are careful and, some might say, plodding planners. Before the 1968 invasion of Czechoslovakia, the Red army exercised each component of the invasion force, sometimes more than once.

Some analysts viewed this as politically motivated—that the Russians were making noises, first, to scare the Czechs into complying without an invasion, and, second, to try to lull the West and fool it about the true invasion date.

But this misses the point that long and careful preparations are a fixture of Soviet military doctrine. Czech intelligence officers, who have been trained in the Soviet system, said it took the Russians 6 months to prepare for the 1968 invasion of Czechoslovakia. It would take an equal time to prepare a similar invasion; 6 months, they insist, is the standard.

The Polish strikes began in mid-July. If the Russians began working on the invasion option at that time—the earliest they could possibly have begun preparations—then the time to begin worrying seriously about an invasion is after mid-January.

U.S. officials have been touting Soviet preparedness since as early as December 3. It is this official position, more than anything else, that Fed expectations of Soviet action early in December and that has produced the current sense of ease. But this may be another case of the common intelligence failure known as mirror imaging—assuming that others are like us. The United States has a firefighter approach to the use of military force and is very conscious of the importance of speed in the event of intervention. The Soviets give much greater weight to advance preparation.

Thus, on December 9, one administration official told newsmen that the Russians had done "everything short of starting the motors." Reports such as these grossly exaggerated the state of readiness of the Red army. On December 12, it was reported in the press that Soviet forces were "reconnoitering" routes into Poland. That, in itself, indicated the Russians were far from ready. Reconnoitering is a step taken

during the runup to a military operation, not at the last minute after units have already reached a state of readiness.

If the Soviet preparation time is the usual 6 months and the Soviet leadership does decide to go ahead, the invasion of Poland can come sometime after mid-January. But a decision cannot be postponed long after that point. The window during which the invasion can be launched stretches only from roughly mid-January to late March. The window closes by the end of March for three reasons.

First, there is the weather. In the spring, the invasion routes turn to mud. That would complicate the task of the invading force and make the invasion far more difficult. The frozen ground of winter is a preferable fighting stage for the Russians and their tank-led forces than the mud of the Russian rasputitsa, the "roadlessness" of spring.

Second, there is the mobilization timetable. The Russians called up thousands of reservists a few weeks ago, an action that helped to fuel the concerns about an invasion. Those troops are due to head homeward in March. Of course, they could be held on duty longer, but that would lower troop morale and threaten production plans at the factories from which they were drawn. What is more, the equipment now being exercised will begin to show the effects of extensive use.

Third, there is the unique Soviet draft system. The biannual callup of conscripts who are due to head homeward in May. Again, their tours of duty could be extended, but only at the risk of considerable disruption to the creaky Soviet administrative apparatus.

Politically, the invasion window will also close by late March because the Polish Party Congress is due to convene soon afterward. The current party leadership is relatively pliant, but the Congress could choose a new leadership more likely to lead resistance to a Soviet invasion. While there is little question that the Soviet Army could crush the Polish Army, Moscow would certainly prefer to avoid the additional costs—both political and human—of bloody warfare.

Will the Russians invade? There is no definitive word: The Kremlin probably has yet to make up its own mind. Once the political and military preparations are in place, the decision can be made in less than 72 hours before the borders of Poland are crossed. But the odds certainly lean toward an invasion for three key reasons.

First, there is the bureaucratic momentum. A great deal of time, effort, and money is being expended on preparations, which have a way of taking on a life of their own. Many up-and-coming Communist bureaucrats working on this project undoubtedly see a

chance to advance their careers. While the window is open, Kremlin decision-makers will be reminded of the old dictum: Use it or lose it. If those leaders decide not to invade, the opportunity will pass—if Poland blows up, guess who will take the heat. Furthermore, on no other occasion of which we are aware have the Soviets failed to use the mobilized forces at their command after such massive preparations.

Second, the overriding concern of the Russians is the perpetuation of Communist party control in Warsaw—by definition that means crippling the nascent independent trade union movement. Moscow has been trying to control the unions through the Polish Communist Party. Poland's Communists today, however, are anything but a reliable instrument of Kremlin control. Some of them even sympathize with the trade union movement. Unless Stanislaw Kania, the party First Secretary, can whip the party into line—and convince Moscow that he has done so—the Soviet leadership will have but one option—to invade.

Third, Kania faces opposition within his own party, not just from those who sympathize with the unions, but also from personal and professional opponents who would love to see Kania get his comeuppance. That opposition sees a Russian invasion as a means to effect a clean sweep of the Kania clique. Thus there are elements within Poland eagerly urging the Russians to get on with it.

In sum, the real danger period for Poland has not passed; it is just about to begin. And while the Soviet Politburo has probably not yet voted on whether to invade, the head of steam building inside the Kremlin makes an invasion far more likely than a peaceful resolution. ●

#### ELEANOR JOSAITIS: A WOMAN WHO CARES

#### HON. BOB TRAXLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. TRAXLER. Mr. Speaker, it gives me great pleasure to advise our colleagues today that Eleanor M. Josaitis of Detroit, Mich., has been selected as the Career Guild's First Woman of the Year for 1981.

It is rare that a Member of Congress has an opportunity to get to know and work with an individual from outside one's own congressional district, but I am very pleased that as a member of the Subcommittee on Agricultural Appropriations I have had the good fortune to work with Eleanor over the past few years to help safeguard the continued operation of the commodity supplemental feeding program, a program which provides food items to

needy mothers, infants, and children at one of the lowest per person costs of any Federal feeding program.

Eleanor Josaitis is the codirector of Focus: HOPE, a Detroit organization that was established as a result of the riots in Detroit in 1968 to help thousands to find jobs, maintain their dignity, and avoid the ravages of hunger. Focus: HOPE is the largest commodity supplemental feeding program in the Nation, serving about 40,000 individuals a month. The program is expanding daily, and today is particularly significant as Focus: HOPE opens another food distribution center in Detroit.

Many people will take on several projects during their lifetimes, and only a select few leave a mark that will be remembered and used as a model. Eleanor Josaitis is such a person. She has set one simple goal for herself: to do whatever is possible to help those in need. With this one goal, she has worked to feed the hungry, to provide legal representation for those who might not otherwise have had it, to aid the old and the young when they are ill, to help those who want work to find it, and, most importantly, to be a friend to those who believe that they have been forgotten by society.

Eleanor has worked with Father William Cunningham, a priest who believed that he needed to be involved with people to be helpful and founded Focus: HOPE. Together they have earned the respect of civil rights and hunger organizations throughout the Nation.

The work of Eleanor Josaitis has been so impressive that in 1978 she was chosen by Secretary of Agriculture Bob Bergland to serve as a member of the National Advisory Panel on Maternal, Infant and Fetal Nutrition, and has in that position done more than anyone could imagine to help people understand the importance of the commodity supplemental feeding program.

Mr. Speaker, I am proud to know Eleanor Josaitis, and I would like all of our colleagues to know more about this exemplary woman who believes that Government can and does help people. I am submitting a copy of the release announcing Eleanor's selection, and I commend it to all of our colleagues who may want to know more about this woman who will be honored in Chicago on January 30 with an awards luncheon:

#### ELEANOR M. JOSAITIS NAMED CAREER GUILD WOMAN OF THE YEAR

EVANSTON, ILL.—Eleanor M. Josaitis of Detroit, Michigan, has been selected Career Guild Woman of the Year for 1981. Ms. Josaitis is Associate Director and co-founder of Focus: HOPE, a civil and human rights movement in metropolitan Detroit. She will be honored at a luncheon to be held January 30, in Evanston.

In the words of her nominator, Career Guild member, Marilyn Mosier of Detroit, Eleanor Josaitis is "a 'dynamite' woman exploding with energy, social commitment, and leadership ability".

Twelve years ago, after the Detroit riots and the assassination of Dr. Martin Luther King, Eleanor Josaitis realized what really mattered to her. Her reaction to national and local racial problems was moral outrage and a plan for action.

Eleanor and her husband and five young children moved from their suburban home to a house in an integrated neighborhood of Detroit. Both parents felt that they should raise their family in a racially and economically integrated neighborhood. They "didn't want the children to have narrow minds", but wanted them to be "open and generous", Eleanor explains.

She had first become aware of the poverty that existed in Detroit when Father William Cunningham visited her suburban church as a week-end assistant. Realizing the social and racial inequities of the inner city, Eleanor reached with her concern for basic human rights.

In 1968, Eleanor, Father Cunningham, and Father Jerry Fraser, responding to the moral and social crisis in Detroit, founded Focus: HOPE to deal with racism and inequalities suffered by people in the city. As Eleanor explains, they asked themselves, "What are we as Christian men and women doing about this?" Thus emerged their dream to bring black and white people together and to feed the hungry. They became the leaders of the project; and after they began to do something, others followed.

"If you put people in a position where they see an injustice, they will then become a part of the solution," Eleanor believes. "I am convinced that there are thousands and thousands of people who want to contribute, who want to do something to combat injustice and inequality. But someone needs to lead." Eleanor sees herself as a catalyst to affect change.

In response to discriminatory food prices in the inner city, the Food Prescription Program was established. Today this program distributes food to 38,000 low income and undernourished mothers, pregnant women, babies, and pre-school children each month. Food from the U.S. Department of Agriculture is distributed according to a prescription based on the family's need.

Currently, there are three food distribution centers, but a fourth will be opened soon. The number of recipients will increase to 48,000. However, Eleanor points out that Detroit health department statistics indicate that there are 138,000 people in the city who need assistance. "Even though we're proud of what we're doing, we're a long way from getting the job done," she says.

Father Cunningham and Eleanor Josaitis now oversee a staff of 96 at Focus: HOPE, and other programs involve encouraging teenagers to stay in school, support for inner city neighborhood problem solving, equal employment opportunities, and public education. Soon Focus: HOPE will expand its services with a food program for senior citizens and a plan to improve the quality of inner city housing.

Eleanor Josaitis' concern for people and their well-being dominates her home, her family life, and her career. Eleanor's own children are now age 14, 18, 20, 22, and 23. At one time the family opened their home to a foster child. Commenting on the "life

of reality" they have experienced, Eleanor says of her children, "They are loving and giving. They have moral fiber, a sense of fairness. They are intolerant of injustice. They, too, will affect changes in society."

Eleanor has been appointed to the U.S. Department of Agriculture Advisory Council on Maternal, Infant and Fetal Nutrition. The council reports to the President and Congress and makes recommendations for food assistance programs.

"We at Focus: HOPE are willing to help other communities in any way possible to start a program," she states. "We believe in the program. It works."

"Eleanor Josaitis' success," her nominator points out, "illustrates what creativity, drive, moral strength, and hard work can accomplish." She is an impressive role model for women everywhere.●

#### INTRODUCING CONSTITUTIONAL AMENDMENT FOR 6-YEAR PRESIDENTIAL TERM

### HON. JACK BROOKS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. BROOKS. Mr. Speaker, today I am introducing a proposed constitutional amendment to provide for a single, 6-year term of office for the President. Let me say at the outset that my decision is in no way influenced by the election of Ronald Reagan as President. No incumbent President's term of office would be affected by this amendment if it were adopted. Nor is it my intention to reduce the power and influence of the Office of President. To the contrary, I believe a single, 6-year term of office would make the President a stronger, more effective leader of the Nation.

This is not a new suggestion. It was considered at the Constitutional Convention, has been brought forward periodically in the 200 years since then, and has been the subject of hearings in the House and Senate in recent Congresses.

Despite the failure of all those previous efforts to bring about the change, I am persuaded to try again because of my conviction that the stresses and complexities of the Office of President of the United States have become so great; that the decisions the President must make have such awesome import for the entire world, that we must do everything we can to make the Office as effective as it can be. I am further convinced that it would be in the best interest of the Nation if the person in the Oval Office were free to concentrate on running the country instead of running for a second 4-year term.

Mr. Speaker, we have just seen how distracting the demands of partisan politics can be on a President. President Carter was forced to spend nearly the entire last year of his term in grueling campaigns, first for his party's nomination, and then for re-

election. And at the same time, he had the full responsibilities of his Office to carry out.

We can only speculate as to whether the decisions he made and the actions he took in the vitally important matters he had to deal with during that period might have been different if he had been free of the concerns of reelection. But there can be no doubt that those concerns were present, and that the pressures they created added to the burdens the President bore.

We do not need to add to the burdens of the Presidency. It is already a job that will tax to the fullest the capacities of whoever holds the Office. By setting a 6-year term and removing the possibility of reelection, we would be permitting the skills, energies, intelligence, and dedication the job requires to be focused where they should be—on leading the Nation—instead of having them diluted and diverted in political campaigning.

I hope this proposal will be given serious consideration during the 97th Congress.●

#### INTELLIGENCE PRIORITIES FOR THE 97TH CONGRESS

### HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. BOLAND. Mr. Speaker, today, the first meeting of the 97th Congress, seems to me an appropriate time in which to make some observations concerning the state of the U.S. intelligence community.

Much has been said in recent months about the health of our intelligence services. I feel that, throughout that period, too little emphasis was placed on the positive developments that I have observed in 3½ years as chairman of the Permanent Select Committee on Intelligence. To list but a few, our Nation is served by technical intelligence systems unsurpassed by any other nation; by a solid corps of dedicated, highly professional intelligence careerists; by an improved indications and warning system; by increased attention to a healthy analytic effort; and by annual qualitative improvements in intelligence production. Last, there has been established, and I believe firmly established, the positive role that Congress can play through oversight of intelligence activities, through review and authorization of the intelligence budget and through the enactment of legislation that meets the special needs of intelligence operations while providing the same protections to Americans as do other government activities. The most important aspect of the congressional role—access to information—is now guaranteed by statute. The budget

and legislative processes work well—as is amply testified to by the endorsements of all the officials heading our intelligence agencies.

All these developments are positive signs that the U.S. intelligence community remains strong, second to none. Yet there are problems which must receive attention. The list is familiar because of the attention devoted to these problems in the preceding Congresses. The most important one is also the most difficult to attack—that of morale among those who, by stealth and clandestine craft, must collect human intelligence, the sine qua non that can expose the enemy's intentions and plans.

Because of the importance of human intelligence collection, much has been proposed to improve morale. The essence of these proposals has been to protect intelligence personnel as they go about their duties. Thus much attention was given to improving cover and assuring intelligence sources of the integrity of U.S. security. A three-pronged effort—intelligence identities protection (H.R. 5615, which I reintroduce today in the form in which it was reported by both the Intelligence and Judiciary Committees), amendment of the Freedom of Information Act and the plugging of leaks—was put forward. Although the 96th Congress achieved some progress toward considering these initiatives, no final resolution occurred. Also deferred was a more ambitious effort of enacting intelligence charter legislation, an effort to legitimize and place the seal of approval on intelligence activities within guidelines established by law. The complexity of this task seems to have been its principal foe, yet the clearing away of ambiguities and legal uncertainties remains an important goal of the intelligence community.

Mr. Speaker, the new President will have his own ideas on how to use the capabilities of the intelligence community and how to resolve its problems. The Permanent Select Committee on Intelligence will work hard with him and with the new Director of Central Intelligence to formulate programs to achieve these ends. One change is already apparent. The new Director of Central Intelligence will have Cabinet rank, a preeminence no predecessor has ever achieved.

In the midst of all the changes that are and will be taking place, however, I wish to make clear to the new President, the House, and American people, that the Permanent Select Committee on Intelligence will take its role in these matters very seriously. It will expect to be kept fully informed of intelligence operations in accordance with the new oversight statute. It will examine the budget and all legislative proposals carefully and fully. And most importantly, it will seek to proceed in these tasks on the basis of the

very positive foundations built by both the Ford and Carter administrations.

Among these basic authorities are those established by Executive order (E.O. 11905 under President Ford; E.O. 12036 under President Carter) which strengthened the central management of the intelligence community and provided for Attorney General approval of operating procedures affecting Americans. These guidelines have provided certain basic protections through two administrations—Republican and Democratic. Their thrust has been to foster respect for the rights of citizens in a fashion that does not impede intelligence operations. Further, essential statutory authority, such as the Foreign Intelligence Surveillance Act and the Classified Information Procedures Act, has improved the ability of intelligence and legal authorities to operate effectively within a framework that protects basic privacy rights of Americans. Public endorsements by key intelligence officials of the essential value of these achievements places a heavy burden on those who would change them.

It has been the experience of the committee—as, I am sure, it will continue to be—that full consultation concerning, and consideration for, intelligence needs can produce legislation which provides the authorities and procedures essential to intelligence operations without sacrificing the individual liberties of Americans. The strong evidence is that clearly established legal, administrative, and organizational lines of authority insure legitimacy, public approval, and effective operation of essential intelligence tasks.

The intelligence community can work toward the resolution of the problems it faces through the same careful procedures that have produced authorities which have proven effective. The Permanent Select Committee on Intelligence will continue to be sympathetic to intelligence concerns. It will seek to insure flexible responses to problems while establishing firm protections where necessary. The essential operations of the committee will continue in a bipartisan fashion. Where members disagree, their differences will be aired in full public view and by debate that preserves the secrecy of important national security secrets.

Mr. Speaker, I personally, and I am sure the committee as a whole, pledge to complete the task begun by Presidents Ford and Carter of rejuvenating, improving, and legitimizing the intelligence process. The increased challenges that face the Nation and create the demands upon intelligence will make this task all the harder, but I believe that much can be accomplished in the 97th Congress if the cooperative approach which is the President-

elect's trademark helps guide the process of finding solutions to these challenges.●

#### INDIVIDUAL INVESTORS INCENTIVE ACT OF 1981

HON. RICHARD T. SCHULZE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. SCHULZE. Mr. Speaker, 3 years ago, this legislative body took a positive step to encourage investment and promote the growth of capital formation with the passage of the Revenue Act of 1978, maximum Federal tax rates on long-term capital gains were rolled back from 49 percent to 28 percent.

This measure which was overwhelming approved by the Congress was rightfully hailed as a significant development for it began to reverse our past misguided economic policies. These past policies have resulted in our Government taxing profits and dividends, savings and capital, sales and income, and all of the other rewards of risk taking so heavily that the risks are no longer worth taking.

While I do not wish to minimize the importance of the capital gains reduction, it must be viewed as only the first step in our ongoing struggle to reduce our Nation's declining productivity growth by encouraging individuals to invest their savings in America's future.

Regrettably, the United States remains a nation with a low level of capital investment and the lowest savings rate of all major industrialized nations. In the last 10 years, at least 6 million investors have left the stock market and every group of individuals, except those 65 or older have opted to not invest their savings in American industry. This mass defection of individual shareholders has had an extremely detrimental impact on capital formation and has virtually eliminated the equity capital market for small and new enterprises.

As a result of this lack of investment, the United States is losing its lead in innovation and the technological superiority we have enjoyed for many years. I find it extremely disturbing that in the past 5 years, foreign citizens have won more than one-third of all patents issued by the U.S. Government.

In response to this growing problem, I have drafted legislation, which I introduce today, which will increase productivity, create jobs, provide additional capital for research and development, and will strengthen our Nation's ability to compete overseas. The bill will accomplish this purpose by providing a 10-percent tax credit of up to \$1,000 to individuals or \$2,000 to

married couples filing a joint tax return for new or additional investments in stocks, bonds, and mutual funds investing in domestic corporations.

Additionally, the bill encourages investment in all types of businesses by stipulating that there would be no limit on the size of a company whose stock would be a permissible investment. Further, it provides for a minimum 12-month holding period in order to qualify for the tax credit thus encouraging investment rather than speculative trading.

Finally, the tax credit would not be limited to new stock issues, due to the fact secondary markets are no less important to equity capital formation than the sale of new issues.

This legislation which I am proposing has the strong support of such groups as the 700 chief executives of the committee of publicly owned companies and the national association of investment clubs which is comprised of over 4,000 clubs and over 51,000 small investors.

It should also be noted that this concept is not an untested idea but is modeled after a French law enacted in 1978. As a result of this law, Frenchmen investing in the stocks of French companies were permitted to deduct up to 5,000 francs—roughly \$1,200—from their taxable income each year for 4 consecutive years. Since the enactment of this investment incentive, the French Bourse Stock Index has increased by over 60 percent with 1 million Frenchmen taking advantage of this incentive. Half of these individuals have been firsttime investors which contrasts with our dwindling and aging shareholders.

Mr. Speaker, rarely do we have an opportunity to pass legislation beneficial to all of our constituents. There is nothing in this proposal which any interest group could find objectionable, that is unless they object to increased productivity, the creation of new jobs, additional capital for research and development, and improved efficiency in American industry.

I urge my colleagues to examine this legislation and to adopt this proposal, the Individual Investors Incentive Act of 1981, as a realistic means of attracting vitally needed investment which will facilitate the development of capital formation.

Thank you.●

#### AVOIDING A GOP ECONOMIC DUNKIRK

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. FINDLEY. Mr. Speaker, our colleague, DAVE STOCKMAN, has written

one of the most penetrating analysis I have seen of our Nation's economic plight. In a comprehensive memorandum to President-elect Reagan, Mr. STOCKMAN has set forth a long list of excellent recommendations which he believes will bring inflation under control, lower interest rates, lessen unemployment, and promote stable economic growth. As the new Director of the Office of Management and Budget, Mr. STOCKMAN will be in a unique position to implement these recommendations. So that all may review his proposal, I am today placing his memorandum in the CONGRESSIONAL RECORD. It is without question one of the most important proposals of its kind and it deserves the thoughtful study of all Americans.

Text of memorandum follows:

#### AVOIDING A GOP ECONOMIC DUNKIRK

##### I. THE GATHERING STORM

The momentum of short-run economic, financial and budget forces is creating the conditions for an economic Dunkirk during the first 24 months of the Reagan Administration. These major factors threaten:

##### 1. A second 1980 credit crunch

By year end bank rates are likely to hit the 15-17 percent range, causing further deterioration in long-term capital markets for bonds and equities, a renewed consumer spending slowdown, and intensified uncertainty throughout financial markets.

There are a number of potential contributory forces. The most important is the fact that the Fed has been substantially overshooting its 1980 money supply growth goals ever since mid summer. Were Volcker to attempt to use the interregnum to impose the severe constraint necessary to get back on track, M1-B, for example, would have to be held to essentially a zero growth rate for the remainder of the year to fall within the 6.5 percent upper target for 1980.

In addition, the Treasury will impose massive financing requirements on the market through January 1, including about \$100 billion in refinancing and potentially \$25-28 billion in new cash requirements at current budget operating levels (fourth quarter). While private credit requirements are likely to soften in response to the emerging slowdown in housing, durables and other real sectors, year-end seasonal borrowing requirements are still likely to be heavy.

In all, President Reagan will inherit thoroughly disordered credit and capital markets punishingly high interest rates, and a hair-trigger market psychology posed to respond strongly to early economic policy signals in either favorable or unfavorable ways.

The pre-eminent danger is that an initial economic policy package that includes the tax cuts but does not contain decisive, credible elements on matters of outlay control, future budget authority reduction, and a believable plan for curtailing the Federal Government's massive direct and indirect credit absorption will generate pervasive expectations of a continuing "Reagan inflation." Such a development would almost ensure that high interest rates would hang over the economy well into the first year, deadening housing and durables markets and thwarting the industrial capital spending boom required to propel sustained economic growth. Thus, Thatcherization can only be avoided

if the initial economic policy package simultaneous spurs the output side of the economy and also elicits a swift downward revision of inflationary expectations in the financial markets.

##### 2. A double-dip recession in early 1981

This is now at least a 50 percent possibility given emerging conditions in the financial markets and gathering evidence from the output side of the economy. Stagnant or declining real GNP growth in the first two quarters would generate staggering political and policy challenges. These include a further worsening of an already dismal budget posture (see below) and a profusion of "quick fix" remedies for various "wounded" sectors of the economy. The latter would include intense pressure for formal or informal auto import restraints, activation of Brooke-Cranston or similar costly housing bailouts, maintenance of current excessive CETA employment levels, accelerated draw-down of various lending and grant aids under SBA, EDA, and FmHA, a further 13 week extension of Federal unemployment benefits, etc. Obviously, the intense political pressures for many of these quick fix aids will distract from the Reagan program on the economic fundamentals (supply side tax cuts, regulatory reform, and firm long-term fiscal discipline) and threaten to lock in budget costs and policy initiatives that are out of step with the basic policy thrust.

There is a further danger; the Federal budget has now become an automatic "coast-to-coast soup line" that dispenses remedial aid with almost reckless abandon, converting the traditional notion of automatic stabilizers into multitudinous outlay spasms throughout the budget. For instance, the estimates for FY 81 trade adjustment assistance have exploded from \$400 million in the spring to \$2.5 billion as of November, and the summer drought will cause SBA emergency farm loan aid to surge by \$1.1 billion above planned levels.

For these reasons, the first hard look at the unvarnished FY 81 and 82 budget posture by our own OMB people is likely to elicit coronary contractions among some, and produce an intense polarization between supply-side tax cutters and the more fiscally orthodox. An internecine struggle over deferral or temporary abandonment of the tax program could ensue. The result would be a severe demoralization and fractionalization of GOP ranks and an erosion of our capacity to govern successfully and revive the economy before November 1982.

##### 3. Federal budget and credit hemorrhage

The latest estimates place fiscal year 1981 outlays at nearly \$650 billion. That represents a \$20 billion outlay growth since the August estimates; a \$36 billion growth since the First Budget Resolution passed in June; an outlay level \$73 billion above fiscal year 1980; and a \$157 billion growth since the books closed on fiscal year 1979 just 13 months ago.

The table below illustrates the full dimension of the coast-to-coast soup line problem mentioned above and the manner in which it drives outlay aggregates upward at mind-numbing speed. A worsening of the informal "misery index" (i.e. higher inflation and interest rates, or lower output growth and employment rates) drives hard on entitlements, indexing, debt servicing, budget authority spend-down rates, and loan facilities spread throughout the Federal government, resulting in a surge of incremental outlays.

Between June and November, for example, Federal outlay estimates have risen

from \$613 billion to \$649 billion. Of the \$36 billion growth in outlay estimates, fully \$26 billion or 72 percent is due to automatic budget responses to the mechanisms listed above.

The \$3.2 billion increment for interest outlays represents a revision of the 1981 average T-bill rate from 9.6 in June to 11.0 in the latest estimate. Similarly, the \$9.2 billion increment for trade adjustment assistance, food stamps, cash assistance, and unemployment benefits represents a revised assumption about the expected duration of high unemployment during calendar 1981. The continuing disintermediation crisis in the thrift sector will cause nearly a billion dollar draw-down from the savings and loan insurance fund. Category (4) presents still another example of the soup line dynamic: when private sector orders soften, Federal defense and "brick and mortar" contractors tend to speed up delivery on contract work, increasing the spend-out rate against obligated authority in the pipeline—in this case by about \$5 billion.

These illustrations drive home a fundamental point: Achieving fiscal control over outlays and Treasury borrowing cannot be conducted as an accounting exercise or exclusively through legislated spending cuts in the orthodox sense. Only a comprehensive economic package that spurs output and employment growth and lowers inflation expectations and interest rates has any hope of stopping the present hemorrhage.

#### SOURCES OF \$36 BILLION GROWTH IN FISCAL YEAR 1981 OUTLAY ESTIMATES BETWEEN JUNE AND NOVEMBER

(Dollars in billions)	
Program	Cost <sup>1</sup>
<b>(1) Due to higher inflation:</b>	
Indexed benefits:	
Social security.....	\$0.75
Pension benefits.....	.40
Specific price reestimates:	
Defense fuel costs.....	1.20
Medicare.....	1.90
Food assistance.....	1.65
Subtotal.....	5.90
<b>(2) Due to higher interest rates:</b>	
Student loans.....	.40
Interest on the debt.....	1.30
Rural housing programs.....	.15
FSLIC outlays.....	.95
Subtotal.....	2.80
<b>(3) Due to higher unemployment:</b>	
Medicaid.....	.60
Assistance payments.....	.75
Unemployment insurance.....	4.70
TRA.....	2.10
Food stamps.....	.30
Federal supplemental unemployment insurance benefits.....	.70
Subtotal.....	9.15
<b>(4) Due to general economic conditions:</b>	
Defense Department procurement.....	3.35
Non-defense procurement.....	3.25
Corps of Engineers.....	.10
EPA sewer construction.....	.10
VA construction.....	.10
SBA disaster loans.....	1.35
Subtotal.....	8.25
Grand total.....	26.10

<sup>1</sup> Excess cost over June, first budget resolution.

The deficit and total Federal credit activity figures are even more alarming. When the off-budget deficit is included, which it must be since most of this category represents Treasury advances to the Federal Financing Bank (which in turn are financed in the government market for bonds and T-bills), the pre-tax cut deficit for fiscal year

1981 ranges between \$50-60 billion.\* This follows a closing level of nearly \$80 billion for fiscal year 1980 (including off-budget).

The vigorous tax cut package required to spur the supply side of the economy could raise the total static fiscal year 1981 deficit to the \$60-80 billion range, depending upon the timing of tax cut implementation and real GNP, employment and inflation levels during the remaining nine months of the fiscal year. These parameters make clear that unless the tax cut program is accompanied by a credible and severe program to curtail fiscal year 1981-82 outlays, future spending authority, and overall Federal credit absorption, financial market worries about a "Reagan inflation" will be solidly confirmed by the budget posture.

An alternative indication of the fiscal management crisis is given by the figures for new loan and loan guarantee activities during fiscal year 1981 by Federal agencies. These are now estimated at \$150 billion, with only \$44 billion of this amount included in the official on-budget accounts. Thus, Federal credit agencies will absorb an additional \$100 billion in available funds beyond the Treasury's requirements for financing the official deficit.

It is these spending growth trends, deficit levels, and Federal credit absorption parameters which are generating market expectations of a chronic and severe Reagan inflation: market participants simply will not accept the Federal Reserve's money growth and anti-inflation goals in light of this massive governmental domination of credit markets.

#### 4. Commodity shocks and the final destruction of Volcker monetary policy

The U.S. economy is likely to face two serious commodity price run-ups during the next 5-15 months. First, if the Iran-Iraq war is not soon terminated, today's excess worldwide crude and product inventories will be largely depleted by February or March. Under those conditions, heavy spot market buying, inventory accumulation, and eventually panic bidding on world markets will once again emerge. Indeed, unless the war combatants exhaust themselves at an early date and move quickly back into at least limited production, this outcome is almost certain by spring. Under these circumstances, OPEC contract rates will rise toward spot market levels in the \$40-50 per barrel range during the first and second quarters of 1981, which a consequent price shock to the U.S. economy. Even a \$10 per barrel increase in average U.S. refiner acquisition cost would add \$50-60 billion annually to aggregate national petroleum expenditures (assuming full decontrol).

Similarly, the present rapid draw-down of worldwide feed grain and protein oil reserves could turn into a rout by the fall of 1981, if the Soviets have another "Communist" (i.e. poor) harvest and production is average-to-below-average elsewhere in the world. Under an adverse 1981 harvest scenario, but not an improbable one, \$4-5 corn, \$6-7 wheat, and \$10-11 soybeans are a distinct possibility.

The problem here is that demand for these basic commodities is highly inelastic in the very short run; and this generates strong credit demands from both the business and household sectors to finance existing consumption levels without cutting back

\* This assumes current estimate revenues of \$615 billion, outlays of \$649 billion, an on-budget deficit of \$35 billion, and an off-budget deficit of \$20 billion.

on other expenditures. If the Federal Reserve chooses to accommodate these commodity price/credit demand shocks, as it has in the past, then in the context of the massive Federal credit demand and financial market disorders described above, only one result is certain: the already tattered credibility of the post-October 1979 Volcker monetary policy will be destroyed. The Federal Reserve will subsequently succumb to enormous internal strife and external pressure, and the conditions for full-scale financial panic and unprecedented global monetary turbulence will be present. The January economic package, therefore, must be formulated with these probable 1981 commodity shocks and resulting financial market pressures clearly in mind.

#### Ticking regulatory time bomb

Unless swift, comprehensive and far-reaching regulatory policy corrections are undertaken immediately, an unprecedented, quantum scale-up of the much discussed "regulatory burden" will occur during the next 18-40 months. Without going into exhaustive detail, the basic dynamic is this: During the early and mid 1970's, Congress approved more than a dozen sweeping environmental, energy and safety enabling authorities, which for all practical purposes are devoid of policy standards and criteria for cost-benefit, cost-effectiveness, and comparative risk analysis. Subsequently, McGovernite no-growth activists assumed control of most of the relevant sub-Cabinet policy posts during the Carter Administration. They have spent the past four years "tooling up" for implementation through a mind-boggling outpouring of rule-makings, interpretative guidelines, and major litigation—all heavily biased toward maximization of regulatory scope and burden. Thus, this decade-long process of regulatory evolution is just now reaching the stage at which it will sweep through the industrial economy with near gale force, preempting multibillions in investment capital, driving up operating costs, and siphoning off management and technical personnel in an incredible morass of new controls and compliance procedures.

In the auto manufacturing sector, for example, new or substantially tougher regulations in the following areas will impact the industry during 1981-84: passive restraint standard (airbags)—1981 passenger tailpipe standard (including an unnecessary 3.4 gram/mile CO<sub>2</sub> limit)—unproven 5 mph bumper standards—final heavy duty engine emission standards—vast new audit, enforcement and compliance procedures, and a new performance warranty system—light duty diesel particulate and NO<sub>x</sub> standards—heavy duty truck noise standards—model year 83-85 light duty truck emission standards—MY 83-85 light duty truck fuel economy standards—bus noise standards—ad infinitum. These measures alone will generate \$10 to \$20 billion in capital and operating costs while yielding modest to non-existent social benefits.

Similarly, a cradle-to-grave hazardous waste control system under RCRA will take effect in 1981 at an annual cost of up to \$2 billion. While prudent national waste disposal standards are clearly needed, the RCRA system is a monument to mindless excess: It treats degreasing fluids and PCB's in the same manner; and the proposed standards and controls for generators, transporters and disposers, along with relevant explanations and definitions, encom-

pass more than 500 pages of the Federal Register.

Multi-billion overkill has also bloomed in the regulatory embellishment of the Toxic Substances Control Act, which threatens to emulate FDA "regulatory lag" on new chemical introductions. The proposed OSHA generic carcinogen standard and the technology based BACT, RACT, LAER and NSPS standards under the Clean Air Act also represent staggering excess built upon dubious scientific and economic premises. Three thousand pages of appliance efficiency standards scheduled for implementation in 13 categories of home appliances in 1981 also threaten to create multi-billion dollar havoc in the appliance industry.

There are also literally dozens of recently completed or still pending rule-makings targeted to specific sectors of the industrial economy as follows: proposed NSPS standards for small industrial boilers (10 to 250 million BTU per hour) are estimated at \$1-2 billion over 1980-85; proposed utility sector standards for bottom ash, fly ash and cooling water control could cost \$3.3 billion; pending OSHA hearing conservation standards, \$500 million; abrasive blasting standards, \$130 million; and asbestos control standards, up to \$600 million. New industrial waste water pretreatment standards—EPA's proposed fluorocarbon-refrigerant control program—the CAA stage II vapor recovery and fugitive hydrocarbon control program—the vehicle inspection and maintenance program—all have price tags in excess of \$1 billion. Moreover, most of the country will fail to meet the 1982 compliance deadline for one or more regulated air pollutants, thereby facing a potential absolute shut-down on the permitting of new or modified industrial sources. All told, there are easily in excess of \$100 billion in new environmental safety and energy compliance costs scheduled for the early 1980's.

#### II. THE THREAT OF POLITICAL DISSOLUTION

This review of the multiple challenges and threats lying in ambush contains an inescapable warning: things could go very badly during the first year, resulting in incalculable erosion of GOP momentum, unity and public confidence. If bold policies are not swiftly, deftly and courageously implemented in the first six months, Washington will quickly become engulfed in political disorder commensurate with the surrounding economic disarray. A golden opportunity for permanent conservative policy revision and political realignment could be thoroughly dissipated before the Reagan Administration is even up to speed.

The specific danger is this: If President Reagan does not lead a creatively orchestrated high-profile policy offensive based on revision of the fundamentals—supply side tax cuts and regulatory relief, stern outlay control and Federal fiscal retrenchment, and monetary reform and dollar stabilization—the thin Senate Republican majority and the de facto conservative majority in the House will fragment and succumb to parochial "fire-fighting as usual" in response to specific conditions of constituency distress.

For example, unless the whole remaining system of crude oil price controls, refiner entitlements, gasoline allocations, and product price controls is administratively terminated "cold turkey" by February 1, there is a high probability of gasoline lines and general petroleum market disorder by early spring. These conditions would predictably elicit a desultory new round of Capitol Hill initiated energy policy tinkering reminis-

cent of the mindless exercises of Summer 1979. Intense political struggles would develop over implementation of the stand-by conservation programs, extension of EPA controls and allocations, and funding levels for various pie-in-the-sky solar, conservation, synfuels and renewables programs. The Administration would lose the energy policy initiative and become engulfed in defensive battles, and frenetic energy legislating would preempt Hill attention from more important budget control, entitlement reform, and regulatory revision efforts. In short, if gas lines are permitted to erupt due to equivocation on revocation of controls, debilitating legislative, and political distractions will be created.

Similarly, failure to spur early economic expansion and alter financial market inflation expectations will result in a plethora of Capitol Hill initiatives to "fix up" the housing, auto and steel sectors, hype up exports, subsidize capital formation, provide municipal fiscal relief, etc. Again, the Administration would be thrown on the defensive. Finally, persistence of "misery index" driven budget deficits, high interest and inflation rates, and continued monetary policy vacillation at the Fed would quickly destroy the present GOP consensus on economic policy, pitting tax cutters against budget cutters and capital formation boosters against Kemp-Roth supporters.

To prevent early dissolution of the incipient Republican majority, only one remedy is available: an initial Administration economic program that is so bold, sweeping and sustained that it—

Totally dominates the Washington agenda during 1981;

Holds promise of propelling the economy into vigorous expansion and the financial markets into a bullish psychology;

Preempts the kind of debilitating distractions outlined above.

The major components and tenor of such an orchestrated policy offensive are described below.

#### III. EMERGENCY ECONOMIC STABILIZATION AND RECOVERY PROGRAM

In order to dominate, shape and control the Washington agenda, President Reagan should declare a national economic emergency soon after inauguration. He should tell the Congress and the nation that the economic, financial, budget, energy, and regulatory conditions he inherited are far worse than anyone had imagined. He should request that Congress organize quickly and clear the decks for exclusive action during the next 100 days on an Emergency Economic Stabilization and Recovery Program he would soon announce. The Administration should spend the next two to three weeks in fevered consultation with Hill Congressional leaders and interested private parties on the details of the package.

Five major principles should govern the formulation of the package:

1. A static "waste-cutting" approach to the fiscal year 1981 outlay component of the fiscal hemorrhage will hardly make a dent in the true fiscal problem. Persisting high "misery index" conditions in the economy will drive the soup line mechanisms of the budget faster than short-run, line-item cuts can be made on Capitol Hill. Fiscal stabilization (i.e. elimination of deficits and excessive rates of spending growth) can only be achieved by sharp improvement in the economic indicators over the next 24 months. This means that the policy initiatives designed to spur output growth and to lower inflation expectations and interest

rates must carry a large share of the fiscal stabilization burden. Improvement in the "outside" economic forces driving the budget is just as important as success in the "inside" efforts to effect legislative and administrative accounting reductions.

2. For this reason, dilution of the tax cut program in order to limit short-run static revenue losses during the remainder of fiscal year 1981 and fiscal year 1982 would be counter-productive. Weak real GNP and employment growth over calendar 1981 and 1982 will generate soup line expenditures equal to or greater than any static revenue gains from trimming the tax program.

3. The needed rebound of real GNP growth and especially vigorous expansion in the capital spending sector of the economy can not be accomplished by tax cuts alone. A dramatic, substantial recision of the regulatory burden is needed both for the short-term cash flow relief it will provide to business firms and the long-term signal it will provide to corporate investment planners. A major "regulatory ventilation" will do as much to boost business confidence as tax and fiscal measures.

4. High, permanent inflation expectations have killed the long-term bond and equity markets that are required to fuel a capital spending boom and regeneration of robust economic growth. Moreover, this has caused a compression of the financial liability structure of business into the short-term market for bank loans and commercial paper, and has caused a flight of savings into tangible assets like precious metals, land, etc. The result of this credit market dislocation and inversion is that superheated markets for short-term credits keep interest rates high and volatile and make monetary policy almost impossible to conduct.

The Reagan financial stabilization plan must seek to restore credit and capital market order and equilibrium by supporting monetary policy reform and removing the primary cause of long-term inflation pessimism: the explosive growth of out-year Federal liabilities, spending authority, and credit absorption.

This points to the real leverage and locus for budget control: severe recession of entitlement and new obligational authority in the Federal spending pipeline, which creates outlay streams and borrowing requirements in fiscal year 1982, fiscal year 1983 and beyond. The critical nature of future spending authority is dramatically illustrated by the experience during fiscal year 1980: new budget authority increased from \$556 billion (fiscal year 1979) to nearly \$660 billion in fiscal year 1980, an increase of more than \$100 billion, or 18 percent. Much of this authority will create outlay streams and Treasury cash borrowing requirements in fiscal year 1981 and beyond.

The fiscal stabilization package adopted during the 100 day session, therefore, must be at minimum equally weighted between out-year spending and entitlement authority reductions and cash outlay savings for the remainder of fiscal year 1981. Indeed, the latter possibilities are apparently being exaggerated and over-emphasized. Of the current \$649 billion fiscal year 1981 outlay estimate, \$187 billion stems from prior year obligations or authority and cannot be stopped legally; \$97 billion represents defense spending from current obligations and should not be stopped; another \$260 billion represents permanent authority primarily for Social Security and interest. The latter can only be reduced by "outside" economic

improvements, and the former would be a political disaster to tinker with in the first round. This leaves \$159 billion in controllable outlays, half of which will be spent or obligated before Congress acts in February-April. In short, \$13 billion (2 percent) in waste-cutting type fiscal year 1981 cash outlay savings must be gotten from an \$80 billion slice of the budget. Achieving this 16 percent hold-down will be tough and necessary, but if it is the primary or exclusive focus of the initial fiscal package, the ball game will be lost.

Again, the primary aim of the fiscal control component must be to shift long-term inflation expectations downward and restore bond and equity markets. Severe reductions in out-year authority and Federal credit absorption can accomplish this. In turn, robust long-term capital markets would lessen the traffic jam in short-term credit markets by permitting corporate portfolio restructuring and by drawing savings out of unproductive tangible assets. The conditions for re-establishing monetary policy credibility would be achieved and short-term interest rates, demand for money and inflation expectations would adjust accordingly.

5. Certain preemptive steps must be taken early on to keep control of the agenda and to maintain Capitol Hill focus on the Stabilization and Recovery Program. Foremost, all remaining petroleum product controls and allocations should be cancelled on day one. This will prevent a "gasoline line crisis," but will permit retail prices to run up rapidly if the world market tightens sharply as expected. This prospective price run-up can be readily converted into an asset: It can provide the political motor force for a legislative and administrative program to step up U.S. energy program production (see below).

In addition, some informal agreement should be sought with Chairmen Hatch, Garn and others to defer the labor policy agenda (minimum wage, Davis Bacon, etc.) until the fall of 1981. Both committees will have a substantial role in the stabilization program, and there is no point in antagonizing organized labor during this critical period. Similarly, the Moral Majority agenda should also be deferred. Pursuit of these issues during the 100 day period would only unleash cross-cutting controversy and political pressures which would undermine the fundamental Administration and Congressional GOP economic task.

The following includes a brief itemization of the major components of the Stabilization and Recovery Program:

(a) *Supply-Side Tax Components*

The calendar year 1981 and 1982 installments of Kemp-Roth, reduction of the top income tax rate on unearned income to 50 percent, further reduction in capital gains, and a substantial reform along 10-5-3 lines of corporate depreciation.

(b) *Fiscal Stabilization Component*

This would consist of two parts. First, the cash outlay savings measures for the remainder of fiscal year 1981 would be aimed at holding outlays to the \$635 billion range. A hiring freeze and a severe cutback in agency travel, equipment procurement, and outside contracting would be the major areas for savings.

The second part would be oriented toward entitlement revisions and budget authority reductions in fiscal year 1982 and beyond. Some of this could be accomplished through budget authority rescissions included in the

remainder of the fiscal year 1981 appropriations bill. This would have to be enacted before the expected December-March continuing resolution expires. Expiration of the continuing resolution would provide strong leverage. Another part could be accomplished through the revised fiscal year 1982 budget and scaled-back requests for new budget authority. The remainder would require the legislative committees to address a carefully tailored package of initial entitlement revisions.

Expressed in functional program and spending areas the out-year authority reduction package should address the following items, with a view to reducing Federal domestic program levels by \$30-50 billion per annum in the fiscal year 1982-83 period:

(1) *Public sector capital investment deferrals.* We are now spending about \$25 billion per year for highways, mass transit, sewer treatment facilities, public works, national parks, and airport facilities. These are all necessary and productive Federal investments, but their benefit stream will accrue over the next 20-40 years. In light of the current financial crisis, a modest deferral and stretch-out of activity rates (a 10-20 percent reduction) in these areas should be considered.

(2) *Non-Social Security entitlements.* Current expenditures for food stamps, cash assistance, Medicaid, disability, heating assistance, housing assistance, WIC, school lunches, and unemployment compensation amount to \$100 billion. A carefully tailored package to reduce eligibility, overlap and abuse should be developed for these areas—with potential savings of \$10-20 billion.

(3) *Low priority program cut-backs.* Total fiscal year 1981 expenditures of NASA, CETA, UDAG, the Community Development Program, EDA, urban parks, impact aid, Action, Department of Energy commercialization and information programs, arts and humanities, and the Consumer Cooperative Bank amount to \$25 billion. Most of these programs are ineffective or of low priority and could be cut by at least one third or \$8 billion.

(4) *Federal credit, lending and guarantee reform.* As was indicated previously, concessional direct lending and loan guarantee activities by on-budget, off-budget, and government sponsored enterprises is now running rampant, absorbing ever bigger shares of available credit market funds. These programs are buried in HUD, SBA, FmHA, EDA, USDA, Commerce and HHS, as well as in the traditional housing credit and farm credit agencies. Controlling SBA direct grant activities, for instance, will accomplish little if program activity is simply shifted to concessional loan authorities, with the resultant outlays laundered through the FFB.

(c) *Regulatory Ventilation*

This component also has two segments. The first and most urgent is a well-planned and orchestrated series of unilateral administrative actions to defer, revise or rescind existing and pending regulations where clear legal authority exists. The potential here is really staggering, as this hastily compiled list of specific actions indicates. The important thing is that the work-up on these initiatives must occur during the transition and very early after the inauguration. Again, the aim would be to firmly jolt business confidence and market psychology in a favorable direction.

ACTION AND IMPACT

(1) Grant model year 1982 CO waiver: \$300 million auto industry savings.

(2) Rescind passive restraint standard: \$300-600 million auto investment savings over 3 years.

(3) Relax 1984 heavy duty truck emission standard: Minimum savings of \$100 million.

(4) Simplify auto emissions certification and testing: \$80 million per year.

(5) Modify ambient air standard for ozone to permit multiple exceedences or higher standard value in conformance with scientific evidence: \$15 to \$40 billion in reduced compliance costs over next 8 years.

(6) Eliminate unnecessary NSPS for small industrial boilers: \$1-2 billion over next 5 years.

(7) Cancel EPA fuel additive testing program: Savings of \$90 to \$120 million.

(8) Relax proposed light duty truck emission standards for post-1983: Savings would be a substantial fraction of currently estimated \$1.3 billion compliance cost.

(9) Modify or defer EPA pretreatment standards for industrial wastewater: Savings of a substantial fraction of the \$6 billion compliance cost for just three sectors—utilities, steel and paper.

(10) Cancel DOE appliance efficiency standards: Avoids multi-billion havoc in an industry that is already improving product efficiency in response to market pressure.

(11) Eliminate building energy performance standards: Market forces are working here, too, but rigid BTU budgets for each new structure could cost billions per year for non cost-effective energy savings.

(12) Modify RCRA to incorporate "degree of hazard" and control system simplification: Savings would be some fraction of \$2 billion per year.

(13) Defer new OSHA workplace noise standards: Save \$250 million per year.

(14) Modify or defer pending OSHA standards on scaffolding, asbestos exposure, cadmium and chromium exposure, and grain elevator dust control: More than \$1 billion in annual combined savings.

These are suggestive illustrations with rough savings parameters from among literally dozens of potential unilateral administrative actions of this sort. A centralized Transition Task Force charged with identification of targets for early action and determination of required legal and rule-making procedures to commence after inauguration could help speed this initiative.

On a second front, both temporary and permanent statutory revisions will be needed. There are literally dozens of rule-making and compliance deadlines on the statute books for the next 20 months that cannot be prudently met. An omnibus "suspense bill" might be necessary during the 100 day session to defer these deadlines and to implement the one year moratorium on new rule-makings proposed by Murray Wiedenbaum.

Finally, a fundamental legislative policy reform package to be considered after the 100 day period will have to be developed. This would primarily involve the insertion of mandatory cost-benefit, cost-effectiveness, and comparative risk analyses into the basic enabling acts—Clean Air and Water, Safe Drinking Water, TOSCA, RCRA, OSHA, etc. Without these statutory changes, administrative rule-making revisions in many cases will be subject to successful court challenge.

(d) *Contingency Energy Package*

The probable 1981 "oil shock" could entail serious political and economic disruption. Therefore, the preemptive step of dismantling controls before the crisis really hits is

imperative. Incidentally, the combination of immediate decontrol and a \$10 rise in the world price would increase windfall profits tax revenue by \$20-25 billion during calendar 1981, thereby adding substantially to short-run budget posture improvement, if not to long-run energy production prospects.

But beyond this, a planning team should be readying a package of emergency steps to increase short-run domestic energy production and utilization. This should be implemented if the world market pinch becomes severe. The primary areas for short-run gains would be: accelerated licensing of a half-dozen completed nuclear plants; removal of all end-use restrictions on natural gas; changes in NGPA to permit accelerated infill drilling and near-term production gains; elimination of stripper, marginal and EOR oil properties from the windfall tax; emergency variances from SO<sub>2</sub> standards for industrial and utility coal boilers; and power wheeling from coal-nuclear to oil-based utility systems.

If the crisis is severe enough, rapid statutory revision of the natural gas decontrol program and modification of the windfall tax might be considered as part of the 100 day agenda.

(c) *A Monetary Accord*

The markets have now almost completely lost confidence in Volcker and the new monetary policy. Only an extraordinary gesture can restore the credibility that will be required during the next two years. President Reagan should meet with Volcker or the entire Federal Reserve Board at an early date and issue them a new informal "charter"—namely, to eschew all consideration of extraneous economic variables, like short-term interest rates, housing market conditions, business cycle fluctuations, etc., and to concentrate instead on one exclusive task: bringing the growth of Federal Reserve credit and bank reserves to a prudent rate and stabilization of the international and domestic purchasing power of the dollar.

The President and Congress would jointly take responsibility for ameliorating credit and capital market conditions through implementation of the Stabilization and Recovery Program and would stoutly defend the Fed from all political attacks. Insulation of the Fed from extraneous economic and financial preoccupations, political pressures, recalibration of its monetary objective, and restoration of its tattered credibility is the critical lynch-pin in the whole program.●

**LOCAL BOY MAKES GOOD:  
DIXON, ILL., CHEERS RONALD  
REAGAN**

**HON. ROBERT H. MICHEL**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, January 5, 1981

● Mr. MICHEL. Mr. Speaker, there are many versions of the American dream and one of the most exciting is the rise of a young American of modest means to the highest office of the land. It happened to Abe Lincoln, an adopted son of Illinois and it has happened once again, this time to a native son of Illinois, Ronald Reagan. Born in Tampico, Reagan came to

manhood in Dixon and attended Eureka College in Woodford County.

The Glasford Gazette/Hanna City-Trivoli Index of Illinois recently published an article which tells of the pride of citizens of Dixon, Ill. over the great achievements of "local boy", President-elect Ronald Reagan.

At this time I wish to include in the RECORD, "Town of Dixon Popping Its Buttons Over Local Boy" from the Glasford Gazette/Hanna City-Trivoli Index, December 25, 1980.

**TOWN OF DIXON POPPING ITS BUTTONS OVER  
LOCAL BOY**

(By Randy Bridson)

The placid Northern Illinois town of Dixon claims a "Lincoln Soldier" statue as one of its attractions. But from now on, the 16th President of the United States will have to share the spotlight in Dixon with the latest man to be elected to that office.

In this town on the Rock River, some people still know President-elect Ronald Reagan by his childhood nickname "Dutch." November 4 was in fact "Dutch Day" in Dixon. The streets were decked with flags—from the 50 States—and red, white, and blue streamers. And when it became clear that Ronald Reagan would be elected the 40th President by an impressive margin, townspeople cheered in the streets and school bands marched in the crisp autumn night. A local boy had reached the top.

Dixon, of course, does not have "exclusive rights" to "Dutch" Reagan. He was born in Tampico, southwest of Dixon, on Feb. 6, 1911. His college alma mater is Eureka College in Woodford County. Still, it is Dixon where Reagan grew into a young man on the threshold of adulthood.

Mrs. Helen Lawton of Dixon recalls that "all the kids knew him" because he was a lifeguard during most of his high school and college summers at Lowell Park, several miles outside of Dixon. Mrs. Lawton, six years behind Reagan in school, lived next door to the Reagan family at one time in the early 1930s and kept in touch with the family even after he had moved to California and subsequently brought his parents, Nelle and Jack, west with him.

Mrs. Lawton recalls vacationing with mother Nelle Reagan in 1950 and spending one Sunday on the first California ranch which Reagan owned, where she visited with the then-movie actor and her son rode horses with two of the Reagan children.

He came from a family of modest means and was not always the athletic, strapping fellow he portrayed in the movies, says Mrs. Lawton.

The Reagan family, including oldest son Neil, moved frequently from the time Ronald was born in Tampico until they came to Dixon and rented their first of five homes in that town in 1920. The Reagans "had a rough time of it," Mrs. Lawton recalls. Jack was a shoe salesman who was sometimes out of work. Mother Nelle earned \$14 a week by doing alternations in a dress shop.

Nelle was "a very wonderful Christian woman," Mrs. Lawton recalls. "I think a lot of it has rubbed off on Dutch . . . he was raised to be that kind of a person."

During his early high school days, he was small and had poor eye sight, she says. But through "pure determination" to succeed, he went on to play football in both high school and Eureka College.

After graduating from Eureka in 1932, his "gift of gab" earned him a stint in radio broadcasting which in turn led to a Hollywood screen test and a career in movies.

Mrs. Lawton says a group of local citizens has purchased the first home in Dixon (on Hennepin Avenue) where the Reagans lived. They hope to restore the home and fill it with Reagan memorabilia.

She says the Reagan of Dixon days was a well-liked young man—just as many in town were. But the thought that he would someday become President of the United States just never crossed many folks' minds back then.

Now, of course, Dixon is "popping its buttons" with pride, she adds, as the first native-born Illinoisan elected President prepares to occupy the Oval Office.●

**SENATE COMMITTEE MEETINGS**

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an interim procedure until the computerization of this information becomes operational, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, January 6, 1981, may be found in the Daily Digest of today's RECORD.

**MEETINGS SCHEDULED**

**JANUARY 7**

9:30 a.m.

Banking, Housing, and Urban Affairs  
To hold hearings on the current state of the U.S. economy.

5302 Dirksen Building

10:00 a.m.

Commerce, Science, and Transportation  
To hold hearings on the prospective nomination of Malcolm Baldrige, of Connecticut, to be Secretary of Commerce.

235 Russell Building

Energy and Natural Resources

To hold hearings on the prospective nomination of James G. Watt, of Colorado, to be Secretary of the Interior.

3110 Dirksen Building

Labor and Human Resources

To hold hearings on the prospective nomination of Raymond J. Donovan, of New Jersey, to be Secretary of Labor.

4232 Dirksen Building

JANUARY 8

9:30 a.m.  
**Banking, Housing, and Urban Affairs**  
 To continue hearings on the current state of the U.S. economy.  
 5302 Dirksen Building

10:00 a.m.  
**Energy and Natural Resources**  
 To continue hearings on the prospective nomination of James G. Watt, of Colorado, to be Secretary of the Interior.  
 3110 Dirksen Building

**Governmental Affairs**  
 To hold hearings on the prospective nomination of David A. Stockman, of Michigan, to be Director of the Office of Management and Budget.  
 3302 Dirksen Building

**Select on Intelligence**  
 To hold a closed organizational business meeting.  
 S-407, Capitol

JANUARY 9

10:00 a.m.  
**Foreign Relations**  
 To hold hearings on the prospective nomination of Alexander M. Haig, Jr., of Connecticut, to be Secretary of State.  
 1202 Dirksen Building

**Joint Economic**  
 To hold hearings on the employment-unemployment situation for December.  
 2128 Rayburn Building

JANUARY 10

10:00 a.m.  
**Foreign Relations**  
 To continue hearings on the prospective nomination of Alexander M. Haig, Jr., of Connecticut, to be Secretary of State.  
 1202 Dirksen Building

JANUARY 12

10:00 a.m.  
**Energy and Natural Resources**  
 To hold hearings of the prospective nomination of James B. Edwards, of South Carolina, to be Secretary of Energy.  
 3110 Dirksen Building

JANUARY 13

10:00 a.m.  
**Energy and Natural Resources**  
 To continue hearings on the prospective nomination of James B. Edwards, of South Carolina, to be Secretary of Energy.  
 3110 Dirksen Building

JANUARY 15

10:00 a.m.  
**Judiciary**  
 To hold hearings on the prospective nomination of William French Smith, of California, to be Attorney General, Department of Justice.  
 2228 Dirksen Building