

file NR 7130

The yeas and nays resulted—yeas 75, nays 0, as follows:

[No. 271 Ex.] YEAS—75

- | | | |
|-----------------|------------|-------------|
| Abourezk | Hansen | Muskie |
| Alken | Hart | Nelson |
| Allen | Hartke | Nunn |
| Bayh | Haskell | Packwood |
| Beall | Hatfield | Pastore |
| Bible | Hathaway | Pearson |
| Biden | Helms | Pell |
| Burdick | Hollings | Percy |
| Byrd | Hruska | Proxmire |
| Harry F., Jr. | Hughes | Randolph |
| Byrd, Robert C. | Humphrey | Ribicoff |
| Cannon | Jackson | Roth |
| Case | Javits | Schweiker |
| Chiles | Kennedy | Scott, Hugh |
| Church | Long | Scott, |
| Clark | Magnuson | William L. |
| Cranston | Mansfield | Stennis |
| Curtis | Mathias | Stevenson |
| Dole | McClellan | Symington |
| Domenici | McGee | Talmadge |
| Eagleton | McGovern | Thurmond |
| Ervin | McIntyre | Tower |
| Fannin | Metcalf | Tunney |
| Fong | Metzenbaum | Williams |
| Fulbright | Mondale | Young |
| Goldwater | Montoya | |

NAYS—0

NOT VOTING—25

- | | | |
|----------|------------|----------|
| Baker | Cotton | McClure |
| Bartlett | Dominick | Moss |
| Bellmon | Eastland | Sparkman |
| Bennett | Gravel | Stafford |
| Bentsen | Griffin | Stevens |
| Brock | Gurney | Taft |
| Brooke | Huddleston | Weicker |
| Buckley | Inouye | |
| Cook | Johnston | |

The PRESIDING OFFICER. Two-thirds of the Senators present and voting having voted in the affirmative, the resolution of ratification is agreed to.

LEGISLATIVE SESSION

The Senate resumed consideration of legislative business.

CONGRESSIONAL BUDGET AND IMPROVEMENT CONTROL ACT OF 1974—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to vote on the conference report on H.R. 7130 the budget reform bill.

The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Hawaii (Mr. INOUE), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Utah (Mr. MOSS), and the Senator from Alabama (Mr. SPARKMAN) are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska (Mr. GRAVEL) would vote "yea."

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Oklahoma (Mr. BARTLETT), the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Tennessee (Mr. BROCK), the Senator from Massachusetts (Mr. BROOKE), the Senator from

New York (Mr. BUCKLEY), the Senator from Kentucky (Mr. COOK), the Senator from Colorado (Mr. DOMINICK), the Senator from Michigan (Mr. GRIFFIN), the Senator from Florida (Mr. GURNEY), the Senator from Idaho (Mr. McCLURE), the Senator from Alaska (Mr. STEVENS), the Senator from Ohio (Mr. TAFT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

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

I further announce that the Senator from New Hampshire (Mr. COTTON) is absent due to illness.

I further announce that, if present and voting, the Senator from Tennessee (Mr. BROCK) and the Senator from Kentucky (Mr. COOK) would each vote "yea."

The result was announced—yeas 75, nays 0, as follows:

[No. 272 Leg.]

YEAS—75

- | | | |
|-----------------|------------|-------------|
| Abourezk | Hansen | Muskie |
| Alken | Hart | Nelson |
| Allen | Hartke | Nunn |
| Bayh | Haskell | Packwood |
| Beall | Hatfield | Pastore |
| Bible | Hathaway | Pearson |
| Biden | Helms | Pell |
| Burdick | Hollings | Percy |
| Byrd | Hruska | Proxmire |
| Harry F., Jr. | Hughes | Randolph |
| Byrd, Robert C. | Humphrey | Ribicoff |
| Cannon | Jackson | Roth |
| Case | Javits | Schweiker |
| Chiles | Kennedy | Scott, Hugh |
| Church | Long | Scott, |
| Clark | Magnuson | William L. |
| Cranston | Mansfield | Stennis |
| Curtis | Mathias | Stevenson |
| Dole | McClellan | Symington |
| Domenici | McGee | Talmadge |
| Eagleton | McGovern | Thurmond |
| Ervin | McIntyre | Tower |
| Fannin | Metcalf | Tunney |
| Fong | Metzenbaum | Williams |
| Fulbright | Mondale | Young |
| Goldwater | Montoya | |

NAYS—0

NOT VOTING—25

- | | | |
|----------|------------|----------|
| Baker | Cotton | McClure |
| Bartlett | Dominick | Moss |
| Bellmon | Eastland | Sparkman |
| Bennett | Gravel | Stafford |
| Bentsen | Griffin | Stevens |
| Brock | Gurney | Taft |
| Brooke | Huddleston | Weicker |
| Buckley | Inouye | |
| Cook | Johnston | |

So the conference report was agreed to.

Mr. MANSFIELD. Mr. President, I move that the vote by which the conference report was agreed to be reconsidered.

Mr. ERVIN and Mr. ROBERT C. BYRD moved to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. HELMS). Under the previous order, the Senate will now proceed to the consideration of S. 3679, which the clerk will report.

Mr. MANSFIELD. Mr. President, what has happened is understandable, because we have reached third reading now and it was not anticipated that we would. I seek recognition.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. MANSFIELD. Mr. President, I yield to the distinguished Senator from South Dakota (Mr. ABOUREZK).

ISRAELI BOMBING RAIDS ON LEBANON

Mr. ABOUREZK. Mr. President, I rise to take note, first of all, of the disengagement agreements negotiated by Secretary of State Kissinger with Syria, Israel, and Egypt.

In spite of the mood resulting from the negotiation, and the feeling of peace that was generated by those disengagement agreements, I am extremely saddened to note that the government of Israel has seen fit to conduct daily bombing raids on civilians in southern Lebanon, in the farming areas and, indeed, in the refugee camps where the military communiques which emanate from Israel say that the bombing raids are designed to kill suspected terrorists.

Mr. President, in my opinion, if that policy is to be accepted as a rational policy by the people of the world, then we could easily justify the bombing of Los Angeles because there are suspected Symbionese Liberation Army members living in Los Angeles. The same could be true of New York City or San Francisco.

My point is this: If we in the United States are to furnish Phantom jets, bombs, napalm, firebombs, and money to fuel the planes when they do the bombing and the killing in southern Lebanon, then we must be held accountable for the deaths that will result from what I consider to be official Israeli government terrorist activities—no less terrorist in nature than an act of three or four individual Arabs who kill civilians in Israel.

Mr. President, this raises one important question: Where are the doves in the United States today who cried and who agonized over the killing in Vietnam, the killing that was carried out in the very same manner as it is being done now in southern Lebanon? Where are these people today who protested that same kind of killing in Indochina?

The answer is obvious, Mr. President; they are deathly silent and, in some cases, those very same doves are cheering on the Israelis in their bombing raids that result in the slaughter of so many innocent people.

Mr. FULBRIGHT. Mr. President, will the Senator from South Dakota yield?

Mr. ABOUREZK. I yield.

Mr. FULBRIGHT. I join the Senator. I think these tactics are inexcusable. I deeply regret that they are being done with armaments supplied by this country as a result of a vote in this body.

The Senator is well aware—we all are—of the enormous assistance we have given to Israel, in the hope that it would bring about peace. We have all been applauding in recent weeks the activities of Secretary of State Kissinger in trying to bring about peace there. I thought it was almost universally approved. Now this action does, indeed, threaten the maintenance of that peace. Already, of course, the press reports the reaction in Syria where Secretary of State Kissinger and the President were only a short time ago.

One cannot help believing that there may be some ulterior purpose beyond just the announced purpose of attacking

the terrorists. One wonders whether they do want to bring peace there, which cannot possibly lead to the stopping of the terrorists on both sides, including the Palestinians. There is no doubt, of course—and I do not approve of the raids by Palestinian terrorists on villages in Israel, but this is certainly not the appropriate time to respond to that, not only not appropriate in a humane sense, but it is not designed to achieve the purpose, which is to retaliate against those who perpetrated the original raids. There is no reason to believe that those same terrorists who made attacks on Maalot are in these particular places. There is nothing to justify that.

Mr. ABOUREZK. If I may interrupt the Senator briefly, it is ridiculous for the Government of Israel to justify the raids on civilian villages and refugee camps by saying that they are bombing terrorists who committed crimes in Maalot, because the terrorists in Maalot died at Maalot.

Mr. FULBRIGHT. Yes, that is true.

Mr. ABOUREZK. They do not live any more. There is no way to kill them twice.

Mr. FULBRIGHT. It is quite an unjustifiable way to react to that kind of terrorism in that case. It endangers the maintenance of the very tentative peace that has been brought about—now only just for a few days, really.

I deeply regret it and I think our Government should protest it in most vigorous terms.

Mr. ABOUREZK. Our Government should not only protest it, but also should shut off any American tax money for military aid to Israel.

I opposed that appropriation last year, as the Senator knows, because it was easy to foresee the terrible potential for abuse of power we were providing with those armaments.

Mr. FULBRIGHT. I agree. I do not think it promotes peace to continue piling arms into the Middle East, or into Southeast Asia, for that matter. As the Senator knows, I contested that in both places and, as the Senator knows, I did not vote for it. I think the Senator remembers that.

Mr. ABOUREZK. I do remember, and I thank the distinguished Senator from Arkansas for his comments.

I want to conclude by saying that 2 days before the terrorist incident in the village of Maalot in northern Israel, the village in southern Lebanon where my parents were born, the Kfeir, was bombed by Israeli Phantom jets, fueled by American bombs and American money. There were four civilians killed in that village. One was a 6-month old baby, a 5-year-old child, an 8-year old child, and the mother of one of the children.

Now that was 2 days before the incident at Maalot.

What that was retaliation for, I do not know. I do know this, that at the time of the Maalot incident, the Government of Israel had 24 hours or longer to negotiate for the lives of those people who were in the school building at Maalot.

They chose not to negotiate for their lives. They made the attack rather than negotiate which resulted in the death

of so many people. The Government of Lebanon had no chance to negotiate for the lives of the people who were killed 2 days before Maalot, nor for the lives of people who have been killed since then. That number has ranged into the hundreds; 40 civilians were killed yesterday alone in southern Lebanon, in the refugee camps. And there is something to be said for the imbalance of press coverage in the Middle East. Had 40 civilians been killed in Israel, each national network would have been indignant with lead news stories, and justifiably so. But as we have seen, when Arab civilians die at the hands of the Israel Government, the majority of the American press reacts by calmly reading Israeli military communiqués as though they were impartial eyewitness accounts of the attacks. What does it take to bring the realization that an Arab life is equal to an Israeli life? When our media representatives realize their responsibility, perhaps the Government of Israel will not feel that it can escape criticism for its inhuman and barbaric actions.

I have been through one or two of those camps in Lebanon. The number of people in the camps ranges from 15,000 to 20,000, the great majority of them women, children, and old men.

The guerrillas generally do not hang around in the refugee camps, though occasionally they do. But those are guerrillas. They are not necessarily terrorists. Who the terrorists are, I do not know. I do not think anybody knows until such time as an act of terrorism is committed.

It is unfortunate and regrettable that they see fit to resort to that kind of terrorism. But it is as unfortunate and as regrettable that a government, the Government of Israel, will sit down to make a cold decision to burn crops of the Lebanese farmers with fire bombs, and to bomb villages where neither guerrillas nor terrorists are living; and to bomb refugee camps where, even if there are terrorists, there is certain knowledge of the death of hundreds of women, children, and old people.

I yield back the remainder of my time.

Mr. HANSEN. Mr. President, will the Senator from South Dakota yield?

Mr. ABOUREZK. I yield the floor.

Mr. HANSEN. Mr. President, I am certain that the distinguished Senator from South Dakota is far more familiar with the situation in the Middle East than I am, but I would just like to say that it does occur to the Senator from Wyoming that, despite our protested evenhandedness, America has not been as fair as I think our country should be.

I think we have ignored the Palestinian refugee problem for all too long. These people have lived in camps over there for more than a generation. My heart goes out to them.

Mr. President, I think that for reasons that are not clear to me, all too little is said about the more than 1 million persons who were uprooted and who have never been permanently settled anywhere but just kept hostage at camps where they have had no chance to aspire to the traditional role of family life, which ought to be afforded every human being.

I am deeply concerned with the seeming indifference that all too many of us display toward the plight of these people. I must say that before we can expect that real peace will come to the Middle East, that is a problem which has to be addressed, which has to be faced realistically, and a solution must be brought about.

Mr. President, I share the deep dismay which has been expressed by the Senator from South Dakota in connection with the action that has been taken. Certainly, there is plenty of blame to go around, whenever terrorism characterizes the activities of any group of people. But to think that the action that was taken is an appropriate response for earlier acts of violence seems to me to fall completely to understand the plight of these poor Palestinian refugees.

I hope we can become aware of their right to aspirations as humans; that we can become more sensitive to the ways in which their problems can be resolved, and that America will take the lead in trying to see that that problem is disposed of in a manner that will square with the conscience of humanity.

I thank my colleague from South Dakota.

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

Mr. HANSEN. I yield.

Mr. ABOUREZK. Mr. President, I thank the Senator from Wyoming for his comments.

I think it is well past time when the United States of America and its people consider that the way to stop the fighting, to stop the terrorism, and all the other violence in the Middle East, is to deal with the Palestinian people as a refugee people. Until such time as they are allowed to find some home, following their dispersal by Israel in 1948, there will not be peace in the Middle East, nor in the world.

As you know, the United States is in danger of being drawn into that situation with each commitment we make to involve ourselves in the Middle East conflict.

Mr. President, I would like to say one more thing with regard to the refugees, themselves. Last year, at the same time that this body voted \$2.2 billion in military aid to Israel, another \$50 million was added by way of an amendment to resettle Soviet Jews into Israel. They were not even going to stop off in this country on their way. That was just a direct contribution to resettle Soviet Jews in Israel.

At the same time that that happened, I offered an amendment to increase our contribution to the UNRWA Palestinian refugee fund controlled by the United Nations, which was accepted here in the Senate but which was knocked out in the conference committee. As a result of the shortage of funds for the United Nations Refugee Works Agency, the Palestinian refugees are going to find some of their schools closed down, and some of their food rations cut short.

With the additional daily bombings, the daily pounding of American bombs in the refugee camps themselves, the problems will be multiplied many times

over—the problems of food, the problems of health care. Their problems are serious enough now, without the addition of this kind of devastation.

I thank the Senator for his remarks. Mr. HANSEN. I yield the floor.

FOREIGN ASSISTANCE DISASTER ACT OF 1974—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on H.R. 12412, and ask for its immediate consideration.

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

The second assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12412) to amend the Foreign Assistance Act of 1961 to authorize an appropriation to provide disaster relief, rehabilitation, and reconstruction assistance to Pakistan, Nicaragua, and the Sahelian nations of Africa, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of June 20, 1974, at pp. H5351-H5352.)

Mr. SPARKMAN. Mr. President, I can summarize very briefly the House-Senate compromise contained in this conference report. The bill is intended to authorize appropriations for disaster relief in three areas: Pakistan, Nicaragua, and drought-stricken Africa. For this purpose, the House had allowed \$115 million and the Senate \$150 million. In conference, Mr. President, the House receded, allowing the full \$150 million. It will be spent as follows: \$50 million for Pakistan, \$15 million for Nicaragua, and \$85 million for drought-stricken Africa. The only change from the Senate version is that the \$10 million earmarked by the Senate for Ethiopia has been changed from not less than \$10 million to not more than \$10 million.

In addition to the authorization of appropriations, Mr. President, the conference report contains a provision from the House-passed version requiring the Secretary of State to notify Congress 30 days prior to the entry into force of any proposed modification of a debt owed to the United States by any foreign government by way of the Foreign Assistance Act of 1961. The Senate conferees found this a useful requirement, because it will allow Congress to review proposed debt modifications which often involve large sums of money.

Mr. President, I believe that conferees from both Houses found this a very satisfactory conference, and I move the adoption of the conference report.

The PRESIDING OFFICER. The ques-

tion is on agreeing to the conference report.

The conference report was agreed to.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate continued with the consideration of the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

Mr. ROBERT C. BYRD. Mr. President, what is the pending question?

The PRESIDING OFFICER (Mr. HELMS). The pending question is the amendment of the Senator from Montana to the amendment of the Senator from Alabama.

Mr. ROBERT C. BYRD. I thank the Chair.

UNANIMOUS-CONSENT AGREEMENT ON RENEGOTIATION ACT OF 1951, H.R. 14833

Mr. ROBERT C. BYRD. Mr. President, at such time as the bill H.R. 14833, an act to extend the Renegotiation Act of 1951 for 18 months, is called up and made the pending business before the Senate, I ask unanimous consent that there be a limitation thereon of 3 hours, 1 hour to be under the control of Mr. PROXMIRE, and the remaining time to be equally divided between Mr. LONG and Mr. BENNETT; that time on any amendment be limited to 30 minutes, with the exception of an amendment by Mr. TAFT, on which there be a 1-hour limitation; that time on any debate, motion or appeal be limited to 2 minutes, and that the agreement be in the usual form, with the understanding that the Taft amendment, although not germane, will be in order.

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

UNANIMOUS-CONSENT AGREEMENT ON CONTINUING RESOLUTION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as the continuing resolution is called up and made the pending business before the Senate, there be a limitation thereon of 1 hour, to be divided between Mr. McCLELLAN and Mr. YOUNG, and that there be a limitation on any amendment, debatable motion, or appeal of 30 minutes, 30 minutes to be divided and controlled in accordance with the usual form, and that the agreement be in the usual form.

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

The text of the unanimous-consent agreement is as follows:

Ordered, That during the consideration of H.J. Res. 1062, making continuing appropriations for the fiscal year 1975, and for other purposes, debate on any amendment, debatable motion or appeal shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the resolution: Provided, That in the event the manager of the resolution is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the Minority Leader or his designee:

Ordered further, That on the question of

the final passage of the said resolution, debate shall be limited to 1 hour, to be equally divided and controlled, respectively, by the Senator from Arkansas (Mr. McCLELLAN) and the Senator from North Dakota (Mr. YOUNG): Provided, That the said Senators, or either of them, may, from the time under their control on the passage of the said resolution, allot additional time to any Senator during the consideration of any amendment, debatable motion or appeal.

ORDER FOR RECOGNITION OF SENATOR ROBERT C. BYRD, PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS AND FOR CONSIDERATION OF CONTINUING RESOLUTION ON MONDAY, JUNE 24, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday, after the two leaders or their designees be recognized under the standing order, the junior Senator from West Virginia (Mr. ROBERT C. BYRD) be recognized for not to exceed 15 minutes; that there then be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements limited therein to 5 minutes each; and that at the conclusion of such period for the transaction of routine morning business the Senate proceed to the consideration of the continuing resolution.

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

Mr. ROBERT C. BYRD. Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

ORDER FOR ROLL CALL VOTES TO OCCUR AFTER 3:20 P.M. ON MONDAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that if any roll call votes should be ordered on the continuing resolution on Monday, or on any other matter prior to the hour of 3:20 p.m., that such vote not occur until after the vote on the Allen amendment, which already has been scheduled.

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

Mr. ROBERT C. BYRD. This would mean no roll call votes would occur prior to the hour of 3:20 p.m. Monday.

ORDER FOR RECOGNITION OF SENATOR HANSEN AND SENATOR TOWER ON TUESDAY, JUNE 25, 1974

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Tuesday, after the two leaders or their designees have been recognized under the standing order, Mr. HANSEN and Mr. TOWER be recognized in that order, each for not to exceed 15 minutes.

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

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I yield the floor.

Mr. LONG addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana is recognized.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate continued with the consideration of the bill (H.R. 14832) to provide for a temporary increase in the public debt limit.

Mr. LONG. Mr. President, I wish to say a few words just to make my position clear with regard to the Kennedy amendment on which the Senate will be voting on Monday.

As I said before, and I repeat, I would like to see a tax cut of a nature that would relieve some of the ravages of inflation among the working poor and the lower income people in particular. These people for the most part are not in a position to defend themselves against the rapid increase in the cost of living.

There is one aspect of the Kennedy amendment which was first generated by the Committee on Finance, of which I have the honor to be chairman, the so-called low income tax credit, or work bonus, and that is in my judgment a very meritorious piece of legislation.

That aspect of it has been passed by the Senate twice. It seeks to assure the working poor that some of the taxes being collected on their meager incomes by social security taxes, and other taxes, would be reimbursed to them. It tends to increase the income of the working poor by about 10 percent and it phases out at the earning figure of \$5,600 for a worker who has dependent children in his family.

That proposal, Mr. President, is a matter that is not, certainly, my idea; it was the joint thinking of the Committee on Finance when we worked in the welfare reform area, and we felt then that what we should try to do is make work more attractive to the poor than welfare.

Mr. President, I feel this Nation can afford that tax relief, no matter how large the deficit is. That item would cost less than \$1 billion. The latest estimate I saw in that respect is around \$700 million. In times of rising prices and inflation I think that the simple element of tax and social justice is most appropriate. I am aware of the fact that there are many people in the low income tax brackets who also have major deficits in their finances.

While we are indexing the cost of living for those who are drawing benefits in organized labor, and a great union like the United Automobile Workers has it written into their contract that wages will increase with the cost of living, while we have provided for automatic cost-of-living increases for social security beneficiaries, while we try to keep up with inflation with respect to our Government employees, and generally organized labor and farsighted employers

try to do as much for their employees, nevertheless, Mr. President, there are just a lot of people who, because of factors beyond their reach, are not in anywise able to protect themselves from the increase in the cost of living that has been going on.

Mr. President, some people benefit from inflation. Not everybody suffers. There are a lot of people who benefit very greatly—for example, those who use large amounts of borrowed money in the course of their business benefit from the fact that they will repay the borrowed money with cheaper dollars which will be easier to come by. Students of economics know a great number of others who likewise benefit from inflation. But many others suffer, and we should look at those who suffer the most from inflation and we should try to give them some relief.

So, Mr. President, even though the Government has deficits, I think we would be justified in providing tax relief in certain areas where it is particularly needed.

I am not wedded to a particular tax reduction. I am not wedded to a \$6 billion tax cut, or any other figure. I just feel it would be appropriate at this time to provide some relief for those who are getting the worst of it with the high degree of inflation going on.

That, however, does not mean I am going to vote for the tax decreases in the Kennedy amendment. In fact, to me, it means just the opposite because the amendment provides that we will repeal the depletion allowance for oil and gas.

I cannot help but notice that the amendment would place little, or no, additional tax on the fantastic profits made by major oil companies in foreign lands. We have heard about the windfall profits. Most of them have come from foreign oil. The reason the public has suffered from the greatest increase in the cost of living in a 9-month period has been due to the cost of energy. Why is that? It is because this Nation imprudently, in my judgment, has had policies in effect that made it more profitable for people to find and produce oil overseas than to find and produce it here. It was that economic policy that resulted in our drilling rigs and investment capital being used to drill and produce more oil in foreign countries and in areas bordering along those foreign lands than in producing it here, in the Gulf of Mexico, the Atlantic, and the Pacific.

The logical way to overcome that shortsighted policy is to make it more attractive to search for energy here, and less attractive to try to find and produce energy overseas.

What would the Kennedy amendment do about that? The best I can make out, it would make it even less attractive to find the energy here and, relatively speaking, make it more attractive to find it over there.

Most of us who have some knowledge about this subject believe that if we repealed the depletion allowance completely for some of these major companies doing business in the Near East and elsewhere, it would not raise their tax liability

at all, because the foreign tax credits that they are going to accumulate under the laws of those various lands and under the Internal Revenue Code and its regulations exceed any taxes that they would owe, quite apart from the depletion allowance, even if they had no depletion allowance at all.

What does the amendment do about that? Zero. Just absolutely nothing.

So, on the profits being made in the foreign lands, the tax advantages would continue to be such that there would be no additional taxes. There would be a tremendous tax increase on the person who was trying to produce it here.

Mr. President, this Nation is still fabricating drilling platforms and drilling rigs to be placed on the bottom of the North Sea to produce oil for England and European nations generally. They are being fabricated here and sent there to be put in place to find oil over there. In time of need, we cannot rely on one barrel of that oil. It will go to Europe.

We are still fabricating that equipment and even sending highly competent American working people to the Near East and elsewhere to help drill oil wells and find energy for those lands. Why do they do that? Because the economics, including the tax structures, are such that it is more desirable to produce oil over there than it is to produce it here. That is an utterly ridiculous situation, and yet the Kennedy amendment would make it worse.

Furthermore, it will come as a surprise to some Senators, and I presume the sponsors of the Kennedy amendment, to know that in the last 15 years more than half of the 20,000 independent producers of oil in this Nation have been driven to the wall. They have been put out of business. They no longer produce oil.

The testimony before the Senate Finance Committee was that if we adopted this amendment, the 10,000 remaining in that business will be cut in half again in 5 years, so that we will then have less than 5,000 independent producers of oil.

We ought to be striving to bring people back into the oil business, not drive them out. We ought to be striving to bring back into the business some of the 10,000 who got out of the business, because of our tax and other policies, rather than reduce in half the number of people who are left in that business.

So it would be a very unwise thing, and it would tend to make this Nation more dependent upon foreign oil, rather than less dependent. It would defeat Project Independence. It would upset our desire to become self-sufficient in energy. So did the 1969 Reform Act, which also increased taxes on that industry just as an increase is being sought in this amendment.

That is not all. The proposal would also repeal the ADR, the asset depreciation range, and make it less attractive to buy and install modern equipment in new plants in this country.

The Secretary of the Treasury testified on that subject. He pointed out something that I have felt for a long time—and I have the facts to support it beyond any reasonable doubt—that when Congress passed the Tax Reform

June 21, 1974

CONGRESSIONAL RECORD — SENATE

tional Wheat Agreement armed with an expression of interest from the Senate that this is important to the American wheat grower, and this resolution would strengthen the hands of our negotiators when this whole question is reopened.

This resolution provides that we will try again, at the earliest possible moment after ratifying the new International Wheat Agreement, to take up and negotiate these issues. I believe it will be helpful if the Senate endorses the concept of protecting the American wheat grower through these negotiations.

We think it also would be worthwhile to adopt this resolution indicating our moral support of the efforts of the American members of the International Wheat Council.

Resolution 340 is entirely consistent with article 21 of the International Wheat Agreement which envisions the calling of negotiating sessions when it is judged that these matters are capable of successful negotiation.

I hope that the Senate will approve Senate Resolution 340 and that this will result in a negotiating conference arranged by the International Wheat Council at the earliest possible date in order to reach agreement on provisions relating to the prices of wheat and the rights and obligations of the importing and exporting countries.

The United States has been a partner in international agreements regarding trade in wheat since the first International Wheat Agreement was ratified by the U.S. Senate in 1949. These treaties represented an attempt to establish international amity and equity at the negotiating table rather than the alternative of unrestrained price-cutting competition.

This country should take the lead in continuing this kind of international understanding. Approval of Senate Resolution 340 today will clearly show the intent of the Senate that this be done.

Mr. MCGEE. We are ready for the question.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. MCGEE. I move to reconsider the vote by which the resolution was agreed to.

Mr. MANSFIELD. Mr. President, I move to table that motion.

The motion to lay on the table was agreed to.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer (Mr. CLARK) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are

printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House had passed the joint resolution (H.J. Res. 1062) making continuing appropriations for the fiscal year 1975, and for other purposes, in which it requests the concurrence of the Senate.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H.J. Res. 1062) making continuing appropriations for the fiscal year 1975, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974—CONFERENCE REPORT

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

The ACTING PRESIDENT pro tempore. The Senate will resume the consideration of the report of the committee of conference on H.R. 7130 which the clerk will state.

The assistant legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7130) to improve congressional control over budgetary outlay and receipt totals, to provide for a Legislative Budget Office, to establish a procedure providing congressional control over the impoundment of funds by the executive branch, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will resume its consideration.

There being no objection, the Senate proceeded to consider the report.

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of June 11, 1974, at pp. H4979-H4992.)

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the following members of the staff of the Committee on Rules and Administration have the privilege of the floor during the consideration of the budget reform conference report:

William McWhorter Cochrane, Tony Harvey, and Joseph O'Leary.

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

Mr. METCALF. Mr. President, during the consideration of this conference report, I ask unanimous consent that Mr. Winslow Turner and Mr. Don Tacheron of my staff be permitted the privilege of the floor.

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

Mr. MUSKIE. Mr. President, I ask unanimous consent that Alvin From of

the staff of the Committee on Government Operations and Allen Schick of the Congressional Research Service be accorded the privilege of the floor during the consideration of this conference report.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. Who yields time?

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time not be charged to either side.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. Who yields time?

Mr. ERVIN. Mr. President, I yield myself such time as I may use from the time at my disposal.

I ask unanimous consent that the following staff members be allowed to remain on the floor during consideration of, and votes on, the conference report on H.R. 7130: Robert Bland Smith, Jr., W. P. Goodwin, Jr., Alvin From, Herbert Jasper, J. Robert Vastine, and Allen Schick.

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

Mr. ERVIN. Mr. President, the conferees have reconciled by unanimous vote all differences between the legislation of the two Houses reforming the congressional budget process and instituting controls on the impoundment of appropriated funds—Senate report No. 93-924. I strongly urge the Senate to agree to the conference report.

To my mind, this is the most important piece of legislation that I have worked on during the 20 years that I have served in the Senate. It is the finest example of the legislative process at work that I have ever witnessed.

The Joint Study Committee on Budget Control began work in this area before legislation was even introduced, and to a large extent this act is the outgrowth of the Joint Study Committee's endeavor. By the same token, the Committees on Government Operations and Rules and Administration in the Senate have done outstanding work in the formulation of the bill which passed the Senate unanimously on March 22. Many other committees made significant contributions to the development of this measure during the past year and a half.

The committee of conference owes its gratitude to a staff drafting group which assisted greatly in resolving the differences between the House and Senate versions and in formulating the compromises which the conferees have accepted. The Senate conferees were aided by Robert B. Smith, Jr., chief counsel and staff director of the Government Operations Committee, Herbert N. Jasper, Alvin From, J. Robert Vastine, and W. P. Goodwin, Jr. The conferees also

June 21, 1974

were assisted most magnificently by Harry Littell, the Senate's legislative counsel and his assistant, Larry Monaco, and by W. Thomas Foxwell, staff editor of the Committee on Government Operations.

Special praise must go to Allan Schick of the Congressional Research Service. Dr. Schick's knowledge, advice, and diligent endeavors have contributed greatly to the enactment of this complex legislation within one Congress, a remarkable feat in itself. Also, I should like to express my personal appreciation to Robert A. Wallace, president of the Exchange National Bank of Chicago, who served as chief consultant to the Government Operations Committee during its consideration of the bill.

With the help of all these persons, and more from the House staff, the conferees were able to work out a very good solution to the differences between the Senate and House versions.

The conferees were faced with a host of issues to resolve, the most important of which were the type of congressional budget office to create, the timetable for the congressional budget process, the manner in which authorization bills are to be handled in the future, the nature of the annual budget resolutions and crosswalks by committee functions, and the method by which the congressional budget actions are to be reconciled before the start of each fiscal year. These have been resolved in a fashion which has taken into account to a remarkable degree the interests of all committees involved in the budget process.

The impoundment of appropriated funds by the President—a highly controversial issue that has plagued the Congress for many years—is dealt with by way of an effective compromise.

I have worked on this issue for the past several years, and, I am extremely pleased that the major concerns of each House have been taken care of in title X of the act, which I believe will provide a sound and workable solution to the problem.

The impoundment title is based on the assumption that the President has no power under the Constitution to impound lawfully appropriated funds in the absence of a delegation of such authority by the Congress. However, it recognizes that there are times when the proper exercise of the executive function might make the deferral or rescission of budget authority the best public policy. In order to meet these situations, the title deals with three types of executive actions and places restrictions on each of them.

First, it retains the Senate's modification to the Antideficiency Act which provides for routine reservations of budget authority "solely to provide for contingencies, or to effect savings whenever savings are more possible by or through changes in requirements or greater efficiency of operations." The so-called other developments clause of the Antideficiency Act—which has been used by the Executive to justify many impoundments—is deleted, and reservations are restricted to those made under the provisions of that act or other laws.

Second, it requires the President to request the rescission of all or part of an appropriation which he determines is unnecessary to carry out the full objectives and scope of a program or which should not be obligated for fiscal policy or other reasons, including the termination of programs. In other words, both Houses of Congress must pass a rescission bill in order for the President to terminate or cancel a program or to delay the obligation of 1-year appropriations to the end of the fiscal year in which they are available.

Third, it delegates to the President a limited authority to defer the obligation of budget authority for a period not to exceed the expiration of the fiscal year in which they are deferred. Deferrals by the President include any delay or withholding of budget authority, whether by establishing reserves or otherwise. The President must notify Congress that he proposes to defer budget authority, and the deferral will be subject to the disapproval of either House of Congress by adoption of an "impoundment resolution." If either House passes a resolution of disapproval at any time, the President is thereby required to make the budget authority available for obligation.

Proposed rescissions and deferrals will be submitted to Congress by special message which will be published as a House or Senate document and in the Federal Register. They will be delivered to the Comptroller General and be referred to the appropriate committees. Both rescission bills and impoundment resolutions disapproving proposed deferrals will be referred to the appropriate committees, with provision for their discharge by petition after 25 days.

The Comptroller General will be granted authority to sue in the Federal District Court for the District of Columbia to enforce the provisions of the title, using attorneys of his own choosing, 25 days after he gives notice to Congress. This authority is not intended to infringe upon the right of any other party to initiate litigation. The Comptroller General also will be charged with the responsibility of monitoring the Executive and reporting to Congress on any deferrals, reservations, or impoundments which are not reported by a special message.

A disclaimer section directs that nothing in the impoundment title should be construed as ratifying or approving any past or present impoundment, affecting the claims or defenses of any party to litigation concerning any impoundment, or asserting or conceding the constitutional powers or limitations of either the Congress or the President. The disclaimer also disavows any intention by Congress to supercede any law which requires the mandatory obligation of budget authority, since several such statutes have been enacted in response to the wholesale impoundment of funds appropriated for specific programs.

The President is required to notify Congress by the 10th of each month the amount of budget authority which is being reserved or deferred, including the amounts which he has proposed to be rescinded or deferred. These monthly re-

ports will take the place of the present quarterly reports required by the Federal Impoundment and Information Act of 1972, as amended, which will be repealed.

The delegation to the President of authority to "defer" the obligation of budget authority for definite and limited periods of time is not the same as a wholesale license to "impound" as that term is commonly understood today. This is an important distinction because no authority is granted to terminate or cancel a program, whether by direct or indirect action, or by inaction, nor is the authority to defer granted for indefinite periods of time.

Mr. President, I firmly believe that the impoundment control and congressional budget procedures provided in this act are workable. They constitute the first major reform of the method of authorizing and appropriating funds in more than half a century, and they are necessarily complex. However, men of reason and good faith can make them work efficiently so that Congress can gain effective control over the financial resources of the Federal Government.

This act will not guarantee fiscal responsibility on the part of Congress and the Executive, but it will make that goal attainable by those who serve here in the future so that history will record this act as the most lasting achievement of the 93d Congress.

Mr. President, I ask unanimous consent to have printed in the Record a brief statement which summarizes the principal budget control features of the conference report.

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

CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

SUMMARY OF TITLES I THROUGH IX

Titles I through IX of the conference report on H.R. 7180 may be cited as the "Congressional Budget Act of 1974". They provide the procedures and other reforms which are intended to enable the Congress to enact a comprehensive congressional budget each year.

Title X, which may be cited alone as the "Impoundment Control Act of 1974", provides procedures to effectively control the practice of Executive impoundment of appropriated funds. It is not discussed herein.

Title I. House and Senate budget committees

Budget Committees are established in the House and the Senate, with parallel jurisdictions over the congressional budget process. Membership on the Senate Budget Committee is the same as was provided in the Senate bill. The Senate Budget Committee will be a Category A committee, subject to the limit of two memberships on such committees beginning with the 95th Congress in 1977. The 15 members of the Senate Budget Committee are to be appointed in the same manner as members of other standing committees. Proceedings of the Senate Budget Committee are to be open except when closed for cause by majority vote of the Committee.

Title II. Congressional Budget Office

A Congressional Budget Office is to be established, headed by a Director appointed for a 4-year term by the Speaker of the House and President Pro tem of the Senate upon the recommendations of the Budget

Committees. The Congressional Budget Office will be responsible for assisting all committees and Members regarding budget matters. Priority is to be given to the Budget Committees (which will have staffs of their own) and to the Appropriations and Tax Committees. Other committees are entitled to obtain available information and other assistance to the extent practicable. Members are to be given available budget information.

The Congressional Budget Office is to coordinate its activities with other congressional agencies—the General Accounting Office, the Library of Congress, and the Office of Technology Assessment. It also is authorized to secure information, facilities, and services from the executive branch. The Budget Office is authorized to hire staff and to obtain computer capability (with approval from the Senate Rules and Administration and House Administration Committees for major equipment). Except for certain excluded categories, information obtained by the Congressional Budget Office is to be available for public copying.

Title III. Congressional budget process

The President is to submit a current services budget by November 10, and the regular budget in January. The timetable of the congressional process provides for all committees to report their views and estimates to the Budget Committees by March 15 and for the Congressional Budget Office to report by April 1. Adoption of the first Budget Resolution is to be by May 15, with the same deadline for the reporting of authorizing legislation. After completing action on all regular appropriation bills, Congress adopts a second Budget Resolution by September 15, followed by any reconciliation action necessary to implement the budget.

The Budget Resolutions are to set forth total level of revenues, new budget authority, outlays, public debt, and budget surplus or deficit. The Budget Resolution also is to allow spending among the major functions in the budget, and these allocations are to be subdivided in committee reports to show new and continuing programs, permanent and regular appropriations, and controllable and other expenses. A crosswalk procedure is established for relating the amounts in the Budget Resolution to committee jurisdictions and the various appropriation bills.

No revenue, spending, entitlement, or debt regulation (other than advance revenues and advance appropriations) may be considered prior to adoption of the first Budget Resolution. The resolution establishes targets to guide subsequent congressional action, but it does not limit the amounts that may be appropriated. Score-keeping procedures are established to provide reports on congressional budget actions and to protect the 5-year impacts of these actions.

The second Budget Resolution sets firm levels for revenues and expenditures, and these must be adhered to in subsequent legislation. It is permissible to adopt additional resolution revising the amounts in the budget. The second Budget Resolution may direct that changes be made in revenues, expenditures, or debt, and these directions are to be implemented in a reconciliation process before the start of the new fiscal year.

Title IV. Procedures for budget improvement

Special procedures are provided for backdoor spending and entitlement legislation. Contract and borrowing authority is to be effective only to the extent provided by appropriations. Entitlement bills are to be referred to the Appropriations Committee (under a 15-day limit) if they provide new spending authority above the relevant allocations in the Budget Resolution. These procedures would apply only to new backdoor

spending, not to existing contract, borrowing, or entitlement authority. Nor would they apply to exempt programs such as social security funds, 90 percent self-financed trust funds, or government corporations. The deadline for the reporting of authorizing legislation is set at May 15, with provisions for a waiver in the House or the Senate. The May 15 deadline does not apply to entitlement bills or to omnibus social security legislation.

The Congressional Budget Office is to make cost analyses of reported bills (other than those of Appropriations Committees). The jurisdiction of the Appropriations Committees is adjusted in accord with this legislation.

Title V. Change of fiscal year

The fiscal year is to be changed to an October 1–September 30 cycle, beginning with the 1977 fiscal year. The preceding fiscal year will run from July 1, 1975 through June 30, 1976. There will be a 3-month interim period (July 1–September 30, 1976) for which budget estimates will be submitted in accord with arrangements to be made in consultation with the appropriations Committees.

Title V has provision for the transition to the new fiscal year, for the conversion of authorizations to the new timetable, and for accounting adjustments.

Title VI. Budget and Accounting Act amendments

The President's budget is to contain estimates for each of the items in the Budget Resolution. It also requires reports on variances between estimated and actual revenues and between estimated and actual uncontrollable expenses. The budget is to be updated by April 10 and July 15 and it is to have 5-year cost projections.

By November 10 of each year, the President is to submit a current services budget based on a continuation of current programs without policy change. The President also is to submit proposed authority legislation one year in advance of the year in which it is to take effect.

Title VII. Program review and evaluation

The General Accounting Office is charged with responsibility for assisting committees in the evaluation of government programs, including the development of statements of legislative objectives, methods for review and evaluation of such programs, and the analysis of program results. An Office of Program Review and Evaluation is to be set up in the General Accounting Office.

Title VIII. Fiscal and budgetary information

The Secretary of the Treasury and Director of the Office of Management and Budget are to cooperate with the Comptroller General in developing standardized budget information systems. GAO is to devise standard budget codes, terminology, and classifications for the use of federal agencies in supplying fiscal information to Congress. Particular consideration is to be given to the needs of the Budget, Appropriations, and Tax Committees. GAO is to assist committees in identifying their informational needs. Executive agencies are to furnish budget information and program evaluations to congressional committees. Data inventories with appropriate files and indexes are to be developed, and to the extent practicable, budget information is to be supplied to State and local governments.

Title IX. Implementing provisions

The rules of the House and the Senate are modified as appropriate for the congressional budget process. The various provisions of the bill are enacted as an exercise of the rule-making powers of the House and the Senate and can be change by either. Provisions of Titles III and IV can be waived by majority vote or unanimous consent in the Senate.

A phased implementation schedule is provided for the various components of the congressional budget process and authority is given for a limited application of the budget resolution procedure for fiscal year 1976.

Mr. ALLEN. Mr. President, will the distinguished Senator from North Carolina yield?

Mr. ERVIN. I am happy to yield to the Senator from Alabama.

Mr. ALLEN. Mr. President, I thank the distinguished Senator from North Carolina for yielding to me at this time. I rise to commend him for his leadership on the Congressional Budget and Impoundment Control Act and to commend him also for his outstanding leadership in such a broad range of Government activities and Government policies.

The distinguished Senator from North Carolina is crowning a distinguished career in the U.S. Senate with a 2-year period of activity encompassing some of the greatest achievements ever made by a United States Senator in any comparable period of time.

In my opinion, the Senator's record in the last 2 years, with his wide range of interests—in the field of fiscal integrity for the Government, in the field of ethical conduct by officials of Government, in the field of clean political campaigns, in the field of first amendment rights, in the great breadth of his knowledge, and in the leadership he has displayed in so many other areas of our Government—is without equal in the history of the U.S. Senate. I would be remiss in my duty if I did not commend the distinguished Senator from North Carolina for his outstanding record.

The Senate, which is said to be the greatest deliberative body in the world, is going to lose a great deal of its luster when the distinguished Senator from North Carolina retires from this body. It will be a great loss to the Senate; it will be a great loss to the entire Nation.

I want to add my words of appreciation for the outstanding leadership of the distinguished Senator from North Carolina. It is amazing that he is able to cover such a wide range of governmental interests. Any subject before the Senate is of interest to the Senator from North Carolina, and he has a broad background of information that he is able to add to almost any discussion in the Senate.

I also commend the distinguished Senator from Illinois (Mr. PERCY) for the leadership he has displayed; the Senator from Montana (Mr. METCALF), one of the pioneers in this effort to obtain congressional budgetary control; the distinguished Senator from New York (Mr. JAVITS), one of the leaders in this field; the distinguished Senator from Maine (Mr. MUSKIE); the distinguished Senator from Florida (Mr. CHILES), the distinguished Senator from Georgia (Mr. NUNN), the distinguished Senator from Tennessee (Mr. BROCK) and the distinguished Senator from Kentucky (Mr. HUDDLESTON).

However, marching ahead of the entire group has been the distinguished Senator from North Carolina. We owe him a debt of gratitude, and I commend the Senator.

Mr. ERVIN. Mr. President, I am

deeply grateful to the distinguished Senator from Alabama for his most gracious remarks.

I had great assistance in this work from the distinguished Senator from Maine (Mr. MUSKIE); the distinguished Senator from Montana (Mr. METCALF); the distinguished Senator from Kentucky (Mr. HUDDLESTON); the distinguished Senator from Florida (Mr. CHILES); the distinguished Senator from Illinois (Mr. PERCY); the distinguished Senator from New York (Mr. JAVITS); the distinguished Senator from Tennessee (Mr. BROCK); and the distinguished Senator from Georgia (Mr. NUNN).

Mr. President, every member of the committee worked extremely hard on this matter. We had great work from great staffs. Then the Rules Committee did a fine job on reviewing our work and in proposing certain amendments. I think the Nation owes a great debt of gratitude to every member of the Government Operations Committee.

The development of this bill represents, in my opinion, the legislative process working at its very best.

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

Mr. ERVIN, I had promised to yield to the Senator from Maine.

Mr. JAVITS. Mr. President, will the Senator yield for 1 minute?

Mr. ERVIN, Yes.

Mr. JAVITS, I beg Senator MUSKIE'S indulgence.

Mr. President, I do have one question, but I would first like to join Senator ALLEN in hailing this as a real milestone, especially in the fight on inflation, which I am sure Senator ALLEN would have mentioned.

Mr. President, the key to the fight on inflation is a grip on expenditures, which to me is as important as the amount of the budget balance, and so forth. I have had a long struggle here to try and put

Congress on a level with the executive, and this is one of the really historic steps in that direction.

I, too, would like to join Senator ERVIN in thanking the members of the committee. If I may be permitted to single out my beloved friend and colleague, Senator PRACY, he did something beyond the call of duty. He actually went out and sold this program to the business leaders of America.

Their friendship or opposition could have been decisive. So I really think we are deeply indebted to him for carrying that part of the load.

I also thank Senator MUSKIE for his collaboration with me on the bill and especially in the area of tax expenditures.

I now ask the Senator a question which relates to tax expenditures, that is, the tax indulgences and what they cost us, which is woven through the bill.

Because of my continuing interest and concern in the matter of indirect spending by way of tax expenditures, I proposed amendments to S. 1541 in the Government Operations Committee that sought to include the concept of tax expenditures in the budget process as specified by that bill. My amendments were

accepted by the committee and passed the Senate with only minor changes.

The purpose of the tax expenditure language in the present bill is to provide that tax expenditures shall be considered at each step of the budget process to measure their impact on budget authority and outlays, their effects on revenue and their general operations in the budget process. If this information is placed clearly before the Congress, spending decisions will be made on a more informed basis than they have been in the past.

It is essential that any contemplated changes in revenues through tax expenditures should be brought to the attention of the Congress during the debate on the congressional budget. Therefore, the report accompanying the concurrent resolution shall contain a list of the estimated levels of tax expenditures by major functional categories. Most importantly in the case of legislation proposing new or increased tax expenditures the revenue committees of each House are charged with the duty of maintaining the appropriate levels of revenues and tax expenditures as set forth in the report accompanying the budget resolution or these committees must explain any deviation from those levels.

While new or increased tax expenditures are not prohibited, the revenue committees will have the burden of explaining any changes and this should lead to a closer examination and more thorough debate of tax expenditures. The provisions of the conference report regarding tax expenditures are practically identical with the provisions of the Senate bill.

For purposes clearly of spelling out what is meant by the tax expenditure provisions in the bill, I ask unanimous consent that the appropriate parts of the report of the Committee on Government Operations accompanying S. 1541 be printed in this point in the Record.

There being no objection, the excerpts from the report (No. 93-579) were ordered to be printed in the Record, as follows:

The bill provides that tax expenditures shall be considered at each step of the budget process to measure their impact on budget authority and outlays, their effects on revenue and their general operations in the budget process. If this information is placed clearly before the Congress, spending decisions will be made on a much more informed basis in each particular area than they have been in the past.

The committee feels that any contemplated changes in Federal revenues through tax expenditures should be brought to the attention of the Congress when they are debating the Congressional budget. Therefore, the concurrent resolution will reflect any anticipated decreases in Federal revenue attributable to new or expanded tax expenditures contemplated by the tax writing committees for the fiscal year in question. The budget resolution will reflect the considered best judgment of the Congress in regard to appropriate levels of revenues and outlays.

In the case of legislation proposing new or increased tax expenditures, the revenue committees of each House are charged with the duty of maintaining the appropriate levels of revenues and tax expenditures as set forth in each concurrent resolution or of justifying any deviation from those levels.

The Budget Committee shall review and consider existing tax expenditures. This will ensure that any decision on direct spending priorities will be made after consideration of present indirect spending through tax expenditures. The Budget Committee will also determine appropriate changes in the level of revenues including any decrease contemplated from new tax expenditures to be enacted in the fiscal year in question. The Committee shall also determine the existing levels of tax expenditures and consider their effects on Federal revenues and their relationship to other matters within the Committee's jurisdiction. Finally, the Committee shall make continuing studies of tax expenditures and methods of coordinating tax expenditure programs and direct budget outlays.

ASSISTANCE TO BUDGET COMMITTEES

Section 202(a) provides that it shall be the duty and function of COB to provide the Budget Committees of both Houses with information with respect to the budget, appropriation bills, other bills authorizing or providing budget authority or tax expenditures, revenues, receipts, estimated future revenues and receipts, changing revenue conditions and such other information as the committees may request. It further provides that at the request of the Budget Committees, personnel of COB shall be assigned, on a temporary basis, to assist each such committee.

PROJECTION OF REVENUES AND BUDGET OUTLAYS

Section 202(e) requires that the Director develop for the Congress information as to the effect of existing revenue laws, including tax expenditures, and existing authorizations and budget authority on expenditures during the current fiscal year and for the ensuing 4 fiscal years. This is in keeping with the emphasis on long-range program evaluation and planning required in other sections of the Act. (See titles VI through VIII.)

SEC. 307(d). REPORTS ON LEGISLATION PROVIDING NEW TAX EXPENDITURES

Committees reporting legislation containing new or increased tax expenditures shall include details of how the legislation will affect existing levels of tax expenditures as contained in the budget resolution and why such action is necessary. The revenue committees of each House are charged with the responsibility of fully explaining any new or increased tax expenditures and their effect or impact and have the task of justifying any deviation from the level set forth in the most recent Concurrent Resolution. This is to insure that any new or increased tax expenditure will be approved by the Congress only after a thorough consideration of all relevant factors. The report will project resulting tax expenditures for each of the budget year and the four following years, and indicate the impact, if any, on state and local government.

Mr. JAVITS. The report will accurately detail the operation of the tax expenditure concept except for the inclusion of tax expenditures in the concurrent resolution. They are now in the report accompanying the resolution.

It should also be pointed out that in the discussion of estimated revenues and their sources it is also appropriate to discuss tax expenditures as they bear directly on revenues raised through the tax system and any changes therein may have the result of increasing or decreasing estimated revenues.

Finally I would like to reiterate that it is extremely important to consider indirect outlays by way of tax expenditures in the general debate on the budget and

also at such times as the Congress is considering tax legislation. If we do this, decisions made in this area will be on a more informed basis than ever before and will be coordinated to a much greater degree with our direct spending through the budget process.

Mr. President, this legislation provides a workable way for Congress to undertake its examination of the needs and program alternatives, and the allocation of revenues to diverse human and national needs. It will establish a means for more responsible and disciplined execution by Congress to its responsibilities in the budget-policy-making fields.

It will allow Congress to acquire the means for the gathering of interpretive and analytical data on spending and related programs. Most importantly, it will facilitate the use of objective expenditures analyses to help it form independent judgments on appropriations matters. There are no simple solutions or panaceas for this problem. I trust that some of the solutions which will begin to resolve these problems may be found in this bill.

One other change that should be pointed out is that section 311 which deals with limitations on consideration of new budget authority legislation, entitlement legislation or revenue reducing legislation also includes consideration of tax expenditure measures.

I note that the managers added a statement at page 64 of the report which reads:

Although there is no specific mention on the consideration of tax expenditure measures, the managers note that after completion of the reconciliation process, Congress may not consider tax expenditures legislation that would have the effect of reducing total revenues below the appropriate level of the most recent concurrent resolution.

I ask the Senator from North Carolina whether, therefore, we are right to assume that, basically, the Senate provisions regarding tax expenditures are incorporated in this conference report.

Mr. ERVIN. Yes, they are.

Mr. President, the Senator from New York made many valuable contributions to the Senate bill and to this report. I think one of the wisest things ever suggested to any committee of the Senate was the suggestion of the Senator from New York that instead of having controversies in which the President impounds funds when he feels that some program ought to be eliminated or some appropriation for some program should be reduced, we establish the principles incorporated in the conference report—that the President asks Congress to make a rescission of the programs, to revoke the program or to rescind the appropriation, or to reduce the appropriation. This is an orderly way to solve the problem which the executive branch and the legislative branch have been quarreling about. I suppose, almost since George Washington took his first oath of office as President.

Mr. JAVITS. Mr. President, I thank my colleague very much for noting that. I believe the impoundment issue is one of the most important in the relationship

between Congress and the Executive and always thought that the rescission method was the most appropriate way to deal with expenditures that the President did not want to undertake. I am very pleased the conference request includes that provision and also tightens use of the antideficiency act in this area.

Mr. ERVIN. Mr. President, I yield to Senator MUSKIE as much time as he may require and then I will yield to the Senator from Illinois.

Mr. PERCY. Mr. President, may I just have 30 seconds?

Mr. MUSKIE. Yes, I yield.

Mr. PERCY. While my esteemed friend and colleague, Senator JAVITS, is present, I would like to pay particular tribute to him for writing in the tax expenditure provisions in the bill.

Mr. President, I will have some more extensive comments on those provisions when I later make my comments on the bill. While the Senator from New York is on the floor, I want to pay tribute to him for this, and much other, extremely valuable assistance that he provided.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Mr. MUSKIE. Mr. President, I join in the commendations that have been expressed on the floor of the Senate this morning, and I especially would like to direct my comments to the distinguished Senator from North Carolina.

The observations made by Senator ALLEN are most appropriate. I have considered it a privilege to serve under Senator ERVIN's leadership during the past 2 years. He should be complimented upon the record of that leadership.

Mr. President, I join the distinguished Senator from North Carolina and the distinguished Senator from Illinois (Mr. PERCY) in urging adoption of the conference report on H.R. 7130, the Congressional Budget and Impoundment Control Act of 1974.

Mr. President, this legislation is the best kind of reform measure—self-reform. It will give Congress the means to deal in an orderly and comprehensive fashion with our most important decisions—those of budget policy and national priorities.

The Congressional Budget and Impoundment Control Act of 1974 is perhaps the most important bill Congress will consider this session.

It is designed to give Congress the information and staff necessary to determine each year how much money the Government has, how much it should take in, and how much it should spend, before determining what to buy with the taxpayers' dollars.

During the past half century, the Congress has witnessed a steady erosion of its control over the budget. In contrast, we have seen a consistent escalation of executive influence over budget and fiscal policies.

The Congressional Budget and Impoundment Control Act of 1974 will give us the means to reverse that erosion. It can reform the most serious shortcomings in the system by which Congress currently considers the budget.

It will provide the Congress with addi-

tional resources it needs, both in terms of staff and information, to make independent decisions on budget policies.

It will establish a realistic timetable for congressional consideration of the budget, enabling Congress to complete its work on the budget before the beginning of each new fiscal year.

It will, for the first time, provide Congress with the mechanism for overall, comprehensive consideration of budget policies.

Mr. President, I think it is appropriate to pay tribute to a staff drafting group which was of great assistance to the conferees in the resolution of the differences between the House and Senate versions and in the drafting of the conference report. That group consisted of Robert Bland Smith, Jr.; Herbert N. Jasper; Alvin From; W. P. Goodwin, Jr.; and J. Robert Vastine; with help from Harry Littell and Larry Monaco of the Legislative Counsel's Office and Allen Schick of the Library of Congress.

The distinguished Senator from North Carolina (Mr. ERVIN) has already explained, in some detail, the anti-impoundment provision in the conference report. I would like now to discuss the major elements of the budget reform provisions of the conference report to which Senator ERVIN has alluded.

First, the conference report, as did the Senate bill, calls for the establishment of a Congressional Budget Office—CBO—as an agency of the Congress. In agreeing to a Congressional Budget Office, the conferees anticipate that the Budget Committees in both Houses will have their own staff.

The CBO will meet our need for a highly competent staff to guide us in fiscal policy and budgetary considerations. It will be a full-time, year-round, nonpartisan staff that will compare with the General Accounting Office and will provide Congress with the kind of information and analyses it needs to work on an equal footing with the executive branch.

In my view, the creation of the CBO is an essential element of the budget process established in this bill.

Second, the conference report includes a workable and realistic timetable for congressional consideration of the budget. The cornerstones of this reformed budget process are two budget resolutions. The first enacted by May 15 would, in effect, establish the congressional budget for the fiscal year beginning the next October 1. That resolution would establish appropriate overall spending levels and recommended subtargets by functional categories as well as appropriate levels for revenues and projected and desirable surpluses or debts.

The second budget resolution must be enacted by September 15. This resolution would provide Congress with the opportunity to reassess its initial budget and priority decisions just before the beginning of the new fiscal year—taking into account the most current economic data and the intervening actions of individual spending measures. If the latest revenue estimates and the individual spending measures previously enacted differ from

the appropriate levels established in that second budget resolution, the resolution will also direct committees of jurisdiction to recommend the legislative action necessary to reconcile those differences.

Congress will then complete its action on the budget by September 25 by enacting the reconciliation bill mandated by the second concurrent resolution.

While the enactment dates for the two budget resolutions are the keys to the timetable, the conference report includes other deadlines that are important to the success of the reformed budget process. It calls for the President to submit a new "current services" budget to Congress by the previous November 10. It requires the President to submit his final budget 15 days after Congress convenes, the same as in current law. And it calls for all spending legislation to be enacted by the 7th day after Labor Day.

Third, an essential part of the reformed budget process is the completion of consideration of authorization measures, which must be enacted before Congress can act upon appropriations bills.

The conference report, as did the Senate version, calls for a May 15 deadline for committee reports on authorization measures, with no enactment deadline. In addition, the conference report requires the President to submit his authorization request to Congress a year in advance so that the authorization committees can get a head start on meeting their deadlines.

Fourth, the conference report requires that the first budget resolution contain enough detailed data to insure a meaningful debate on budget and program priorities each spring. And it mandates additional backup information necessary for that debate be included in the committee report.

Further, the conference report includes a workable procedure for translating the functional breakdowns in the budget resolutions into congressional committee and appropriations subcommittee allocations. This procedure is necessary to insure effective scorekeeping during consideration of spending and revenue measures.

Fifth, the conference report insures, as did the Senate bill, that all spending measures be sent to the President as they are completed, though they would not become effective until October 1 or later. This insurance is necessary to prevent the President from undercutting the congressional budget process by vetoes of spending bills just before the beginning of the fiscal year. And the conference report provides, as did the Senate bill, that the scope of the reconciliation process be broad enough to generate a comprehensive review of the congressional budget actions each September.

Mr. President, this legislation represents a reaffirmation of the determination of members of both political parties to establish an open, informative and thorough way for Congress to handle the Federal budget.

Those of us who have worked with this legislation for more than a year believe it will work.

However, it will not work unless Senators—and that includes all of us—are

willing to change their style of living in this body.

It is going to mean that we are going to have to keep our noses to the grindstone on a year-round basis to meet the deadlines set out in the bill. It is going to require that our entire staffs are attuned to what is happening in the budget process for many weeks in a row.

Mr. President, in drafting this legislation in the Committees on Government Operations and Rules and Administration, as well as on the Senate floor, we have attempted to develop a procedure for congressional consideration of the budget that is both disciplined and flexible.

That is a difficult balance to achieve. But I am hopeful we have accomplished it.

To be sure, particularly in its first years, the implementation of the process may be erratic and deadlines may be missed. But the process in this legislation is flexible enough to survive a trying transition period. And it will not collapse as long as the Members of Congress want it to work.

All told, some 35 or 40 Senators contributed to the development of this bill. And the best guarantee for the success of the process established in this bill is for the Members of Congress to exhibit the same kind of determination to implement it that they did to draft it.

Mr. President, this legislation is too important for us to allow it to fail.

Mr. President, in closing I wish to give a special word of personal appreciation to the distinguished Senator from Montana (Mr. METCALF).

Senator METCALF was elected chairman of the Subcommittee on Budgeting, Management, and Expenditures more than a year ago in the Committee on Government Operations. He proceeded with the work that responsibility imposed upon him at a time when there was a great deal of pessimism as to whether or not all of the complex problems this legislation posed could be resolved—and resolved in a meaningful piece of legislation in this Congress.

It is because of his persistence and determined commitment to that objective more than any other single force that we are now acting on this conference report and about to send a bill to the President for his signature.

I compliment the distinguished Senator.

Mr. ERVIN, Mr. President, I will say to the Senator from Arkansas that I promised to yield briefly to the Senator from Montana, but first I want to say that the Senator from Maine has given an excellent analysis of the major provisions of the bill, and it would be impossible for me to overmagnify the great work he displayed in making this bill possible.

Also, I would like to join in his tribute to the Senator from Montana, who conducted the spacework hearings that contributed to the bill, and he also made magnificent contributions to the bill.

I yield to the Senator from Montana such time as he may use.

Mr. METCALF, Mr. President, I am especially grateful to the Senator from

Maine for his gracious remarks. I am very appreciative of them. He was on the subcommittee day after day when it met. We heard from every area of government and from the academic community. We had the most superb staff that I have ever seen working together. We had consultants from many areas.

Finally, of course, let me say I feel we have come forth with a bill which, as the Senator from North Carolina (Mr. EAVIN) has said, is probably the most important bill to be passed in this Congress.

As far as I am concerned, it is probably the most important bill I have worked on in the more than 20 years I have been in Congress.

I want to especially commend my colleague on the Budgeting and Management Subcommittee, Senator SAXBE, who was the ranking minority member and worked, along with me, to get hearings and get quorums, and get discussions and work the bill out. I know Senator SAXBE's contributions to this legislation will also be remembered.

I would also like to compliment the Senator from Maine for the description of how the bill is going to work, for summarizing the timetables involved. Of course, I agree with the Senator from North Carolina that the conference committee and the staff and the committees of both Houses and all of us have done a great deal of work and have made a contribution. But we cannot sit back. We cannot say, "All right. Here we have passed this legislation that is so important and so significant, and now let us relax," because, as the Senator from Maine has suggested, some of the most important parts of this legislation are the titles providing for constant input of information to the committees of Congress and the Congressional Office of the Budget and the separate staffs of the committees.

Under the provisions of the bill as reported by the conference, we have to select a director of the Congressional Office of the Budget, who is appointed by the Speaker of the House of Representatives and the President pro tempore of the Senate on recommendation of the Budget Committees in both Houses. So we cannot wait until next year to establish the Budget Committees. We need to do it right away, because the most important and significant part of this bill is the constant flow of information, the constant preparation of information, parallel to that provided by the Office of Management and Budget.

Many and many a time the distinguished Senator from Illinois (Mr. PERCY) has pointed out that this probably is the most significant part of the legislation, the operation of the Congressional Budget Office.

This is vital. It will have a significant impact if all of us will do as the Senator from Maine has suggested—try to make it work, and to start working now. The leadership has to meet and we have to select members of the Budget Committee, so that we can get a Director of the Congressional Budget Office and begin to put this into operation.

Moreover, I want to thank the Sen-

ator from West Virginia for seeing to it that, after this bill was written, it went to the Rules Committee, and, I believe with great statesmanship, and with more farsightedness as to what would happen to the various Members of the Congress than we realized on the Government Operations Committee, he provided that Senators could serve on the Budget Committee, initially, without losing their rights on other committees. Later, in the 95th Congress, they could make the important decision as to whether or not they want to serve on the Budget Committee, which will be a major committee, or whether they want to go back to the Committee on Appropriations, the Committee on Finance, the Committee on Armed Services, or whatever other second class A committee they had.

In any event, it is imperative that the Senate Committee on the Budget be created immediately, so that it can make recommendations to the President pro tempore immediately, so that it can start work immediately, and we can have a Director of the Congressional Office of the Budget working in this period, so that we will be prepared to get the necessary information in the next Congress.

I discussed some of these matters with the Comptroller General in a hearing of the Joint Committee on Congressional Operations on the day before yesterday, and he has already appointed Mr. Phillip "Sam" Hughes to head up his staff, and start his staff operations in anticipation of this legislation. But we also have to start our operations to provide them the necessary information requirements.

I think this is a major operation. This is one of the legislative accomplishments that we will be able to look back upon, and I think that we will have a great deal of pride that we participated in it. But we can only justify that pride if we continue to keep the pressure on, and get the Congressional Budget Office Director appointed and get this information flowing into the Congress, so we will be ready, when the President sends up his budget message next year, and the committees will be ready, to act and report.

I have the same praise for the Senator from North Carolina, and especially for the Senator from Illinois who has been just as persistent as any Senator I can remember, in getting this legislation, who made the compromises that permitted us to get legislation to the floor.

But I want to admonish all of my colleagues that we have only begun to fight. Let us get this bill passed today and underway as a part of the machinery of the Senate tomorrow, or as soon thereafter as possible.

Mr. President, now that we have arrived at the final stage of the Budget Control bill, perhaps the most important thing we can do is to express gratitude for the legislative process which has produced it. From its beginning with the Joint Study Committee on Budget Control, the bill has undergone intensive investigation and negotiation by Members and staff in both Houses, on both sides of the aisle. Indeed, thousands of hours have been spent in testing its political feasibility and its parliamentary work-

ability. The basic features and requirements of this bill are the result of sometimes drastic changes, not easily arrived at, or willingly agreed to, but I believe it is the best we could have done—given the scope of the challenge before us.

That challenge—stated plainly—was to find a mechanism by which 535 Members of Congress could determine an appropriate budget for the Nation and conduct their legislative business within it. Since 1921, attempts have been made by Congress to meet this challenge. All have failed for a variety of reasons, not the least of which were political. The result has been increasing control over fiscal policy by the executive branch, not provided in, nor even contemplated by, the Constitution.

The mechanism created by this legislation is more comprehensive, more dynamic, than anything previously considered. It is framed within the traditions and procedures of Congress, but at the same time it provides a new set of rules which, if followed, will work. The very nature of Congress is that it acts by majority vote. It does what it wants to do based on its responsibility to the electorate. The budget bill provides the opportunity for Congress to act in an organized and intelligent manner, to develop a fiscal policy and to provide budgetary control. That is all we can do.

But whatever the future of the budget procedure mechanism, there are some very far-reaching and long-needed institutional reforms in this bill, and I think they should be emphasized.

First, each House will have a Budget Committee which will look at expenditures and revenues in the light of the economy and recommend appropriate budgetary levels—first, in the spring, and then again by September.

These committees will assert a score-keeping pressure on spending and revenue legislation, and will provide Congress with a continuing picture of budgetary requirements.

Second, there will be established a new Congressional Budget Office with its own director, personnel, and equipment to analyze budgetary information on a year-round basis, and furnish such information as well as personnel assistance on a priority basis to the budget committees; to the appropriations and revenue committees, on request; and, to the extent practicable, to other committees and Members. The CBO would be nonpartisan, and responsible for developing an informational base upon which all Members of the Congress can make their decisions.

Third, the bill provides extensive authority to the Congressional Budget Office to obtain budget and fiscal information, including estimates and statistics from the various agencies and departments in the executive branch, and from congressional agencies. Except for certain necessary constraints as to confidentiality, such information and data shall be made public.

In addition, in title VIII, the bill contains provisions which, properly implemented, will vastly improve the quality of fiscal, budgetary, and program information in the executive and make such

information readily available to Congress. Briefly stated, these are designed to establish a procedure for Congress, acting through the Comptroller General, to specify the format and content of the fiscal, budgetary, and program information it needs for the executive mandate data classification on a uniform program basis, so the Congress can more readily identify, and select more sensibly among competing program interests and priorities direct the GAO—and the Congressional Budget Office—to create and maintain files of fiscal, budgetary, and program data, for congressional use, in a form for computer processing; and direct the Comptroller General, in cooperation with the Congressional Budget Office and the appropriate executive agencies, to develop and maintain an up-to-date inventory and directory of sources of such information in the executive branch.

Mr. President, on Wednesday, in hearings of the Joint Committee on Congressional Operations on research support and information services needed by Congress, I had a dialog with Comptroller General Staats and Philip S. Hughes of his staff on GAO's plans for implementation of these vitally important provisions of the bill.

I ask unanimous consent that relevant portions of the hearing transcript be included in the Record at the conclusion of my statement today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. (See exhibit 1.)

Mr. METCALF. Mr. President, parenthetically in developing title VIII, I had the fullest support and assistance of members of the House Appropriations Committee staff. I wish at this time to express my particular appreciation to Keith Mainland Bruce Meredith and Eugene Wilhelm, all of whom made valuable contributions.

As I have said many times, information is the name of the game in budget control. Expenditure levels and revenue estimates and projections must be developed from hard data, most of which is stored in the executive branch. For the legislative budget control mechanism to work effectively, that data must be made available to the Congress, when and as needed.

Fourth, the legislation provides for a new fiscal year—beginning October 1. This will provide both the authorizing and spending committees with breathing room to complete their legislative workloads. More important, it will give Congress a reasonable time in which to establish budgetary targets early in the year, and make a final judgment as to appropriate expenditures and revenues before the fiscal year begins. The July 1 fiscal year—which grew out of another era when Congresses went home early in the summer—has increasingly provided a problem for appropriations and other spending measures frequently resulting in continuing resolutions. Congressional intent as to this change in the fiscal year is underscored by the fact that both the Senate and the House committees set the October 1 date early in

the consideration of their respective bills, and it was sustained.

Fifth, an impoundment control feature has been added, and the impasse between the House and Senate on this important matter has been resolved. Under the bill, the Antideficiency Act has been tightened up to permit reserves solely for contingencies and to effect savings or efficiencies.

Whenever the President seeks to impound by terminating programs or cutting spending for fiscal policy reasons, he would be required to send Congress a message requesting the rescission of budget authority. Unless both Houses complete action on the rescission in 45 days, he may not impound and must continue to spend the money for the objectives established by Congress.

For all other impoundments, including reserves under the Antideficiency Act, the President must notify Congress, and if either House passes an "impoundment resolution" disapproving such impoundment, he is required to release the funds.

In themselves, these five features provide Congress with the tools and time by which Congress can educate itself as to the effect of spending and revenue levels on the economy and on national growth. For the first time in its history, Congress and its relevant committees will have their own informational base for assessing alternative budgetary approaches and program priorities. It will be able to look at what it has spent and what it intends to spend as parts of a total picture. It will be able to keep score on itself. It will have its own built-in early warning system on the economy. For the first time, it will have the capability of making fiscal policy without having to rely primarily on Executive expertise. And it will have a check on the President when he seeks to impose his own fiscal policy through the impoundment process.

Mr. President, I am delighted with this "Congressional Budget and Impoundment Control Act of 1974" because it contains many of the features of a substitute amendment which was submitted by the then junior Senator from Ohio (Mr. SAXBE) and me very early on in the subcommittee consideration of S. 1541, the basic Senate bill. It was our feeling then that congressional budget reform was the No. 1 priority of the 93d Congress, but in order to get Congress to support it, there had to be a mechanism devised which would allow Congress sufficient flexibility to arrive at spending and revenue decisions within its own procedural framework, rather than to impose rigid rules of restraint.

This bill, as finally revised and improved, supports that policy of flexibility. I urge adoption of the conference report.

I thank the Senator for yielding.

EXHIBIT 1.—EXCERPTS OF TESTIMONY BY COMPTROLLER GENERAL ELMER B. STAATS

Mr. STAATS. Section 202 of the Legislative Reorganization Act of 1970 provided for a standard classification of budgetary and fiscal data. Responsibility for development of that classification was assigned to OMB and Treasury in cooperation with the GAO.

H.R. 7130, as agreed to by the conference committee, would amend Title II of the Legislative Reorganization Act of 1970 to place primary responsibility for the development

of standard data classifications and congressional reporting requirements with the Comptroller General.

I have testified on many occasions and we have worked closely with the many parties involved in the development of H.R. 7130. We firmly support the objectives of this legislation. We recognize the congressional needs for and the problems involved in developing data classifications that will meet these needs. We will devote the resources required to effectively carry out that responsibility.

To carry out our responsibilities under sections 201, 202, and 203 as they exist now, we have a full-time 24 person staff. This group has developed and maintains an informal but close working relationships with various congressional committees' staffs, especially the appropriations committees.

The group's major activities are aimed at improving the accessibility and usefulness of data currently reported to the Congress or available in the executive agencies. For example, they have been conducting a pilot study with the Subcommittee on HUD, Space, Science, and Veterans of the House Committee on Appropriations to identify its needs for budgetary and program information about the Department of Housing and Urban Development (HUD) and to specify the classifications to be used in reporting to the Subcommittee.

We referred to this effort in a May 1973 report to this Committee. We are pleased to report that we have now developed proposed classifications for each of the 49 HUD appropriations accounts and have presented them to the Subcommittee staff.

More recently, we have directed our attention to 14 Department of Agriculture accounts in a similar effort. With the increase in staff and the experience gained in the HUD pilot study we will be moving into other areas in the near future.

We are confident that we have developed the capability and established the working relationship with the Congressional committees and the executive agencies which will enable us to carry out the reporting requirements and classifications work that would be assigned to us under H.R. 7130.

Since our prior report to the Joint Committee, the Office of Management and Budget and Treasury have created a team to develop a plan for addressing the Congressional information needs identified by the survey of committees and members we conducted in 1971 and reported in February and November 1972.

We are continuing to serve as the agent of Congress in working with the Office of Management and Budget and Department of the Treasury team on a day-to-day basis. Their team issued its plan on March 7, 1974.

This plan covers a wide range of the information needs of the Congress. Of particular interest at this time when H.R. 7130 is in focus are the categories which deal with Federal budget and supporting information, budget and fiscal status information, program oriented information and tax expenditure information. The plan also includes categories of information on fiscal policy, foreign currency, Federal employment, grant programs and social and economic conditions.

Several task groups have been created to assess the executive branch capabilities to meet these needs. We are participating in this work, especially in the further identification of congressional information requirements.

The OMB and Treasury March 7th plan does not propose to address needs which deal with social and economic information on the grounds that these types of data are not within the scope of budget and fiscal data included in Title II. We do not agree with their position. However, enactment of Title VIII of H.R. 7130 will settle that issue—the Congressional requirement is made clear that

program-related data and information, such as social and economic data, are within the scope of this title.

In addition to efforts directed at improving the classification and reporting to the Congress, we believe it essential that Congress be given assistance in obtaining the information it needs. The OMB/Treasury team recognizes this problem. In their plan they state that "it is apparent that many of the information problems are due to difficulties in identifying information sources and in obtaining and aggregating disparate data, and are not due to a lack of data." An inventory and directory services for the Congress to permit it to obtain data from executive branch sources is needed. We are exploring ways such a service could be established. H.R. 7130 would amend section 203 to require such assistance from us. We agree that it is needed and feasible to develop.

The Chairman of the House Committee on Appropriations has requested us to help them develop procedures for acquiring and using 3- to 5-year projections of Federal outlays and receipts, especially for the major programs that are not subject to annual congressional funding. In addition, the GAO staff is identifying the resources available in the executive branch for providing such forecast or data from which forecasts can be made. We are also cooperating with the Congressional Research Services in its work on budget analysis and estimating procedures.

Senator METCALF. I have said on several occasions the most exciting and thrilling thing about the Budget Control Act—which I hope will be finally approved by the Congress this afternoon—is that, among other areas pertaining to our information needs, it provides an opportunity for gathering and assembling information on the budget at the same time as the OMB.

As you know, some of my Senate colleagues felt that you could not, or would not, do the job. Those of us who supported Title VIII, however, felt that GAO was the best agency for this.

I expect to go to the floor at 2 o'clock this afternoon and speak on the conference report. Can you assure me now, so that I can assure members of the Senate that we will see progress in your capacity in making this new budget process, and this new information process, work?

Mr. STAATS. I can give you that assurance, and we are already well under way with efforts which will fit in with the responsibilities that we will have under Title VIII. However, we will need some additional resources.

Senator METCALF. You need some more manpower, and so forth, to do the job.

Mr. STAATS. We are currently examining our own internal allocations of our staff, with this in mind, but I think I can give you the assurance you are seeking here that we will not only be able to do it, but we think we can do it in a very satisfactory way.

Senator METCALF. With the cooperation of the Congress?

Mr. STAATS. Yes.

Senator METCALF. Mr. Hughes may want to add something here.

Mr. HUGHES. I am certainly, not surprisingly, supporting the Comptroller General in his statement. We are working very closely with the OMB and the Treasury, particularly OMB, to carry out the provisions of the present law and the anticipated provisions of H.R. 7130.

The job is not going to be easy. We feel—and I think OMB and Treasury agree—that our efforts should be to develop a complex of systems that will meet both Executive Branch and Congressional needs rather than duplicating systems.

That is not an easy job, as you can imagine, because of inevitable problems on both sides,

but in recent months the cooperation between all parties has been very good, and we are hopeful we can do what needs to be done on a unified basis, or for the most part at least on a unified basis.

We have been taking a somewhat more aggressive stance with the Executive Branch in this recently, because we think it is necessary, and also it helps to move the work along.

Our work with the subcommittees on appropriations with respect to classifications has been of great help in convincing the executive agencies that it is important they involve themselves in this kind of an effort.

There are some difficult problems, for example, arising out of executive branch responsibility for the President's budget, vis a vis congressional responsibilities and congressional needs for data. We need to work with the Executive agencies in a fashion which is consistent with the Budget and Accounting Act and presidential and OMB responsibilities under that Act, but at the same time gets the Congress the information that it needs for budget and program analysis. My personal feeling, and I think the feeling of those who are working on these problems in GAO, is that we are moving well, and much better than we did for a period of time, and frankly, I think the discussions around H.R. 7130 and its progress through the Congress have been very important in this.

Those were discussions at a staff level. Mr. Tacheron and others participated in them, and organized them. I think they were very helpful.

Senator METCALF. We had a magnificent staff effort, of course, and a magnificent effort on the part of consultants and advisers who came in here and offered their expertise to help us work out a very complex and difficult problem. But you have all read the news reports and the Congressional Record this morning of the discussion of the Conference Report on the floor of the House by Members of Congress, where longtime Members say it will not work. I am taking this opportunity to get your assurance that something that I think is the most exciting part of the new budget bill—this information standardization and gathering process—as set forth in Title VIII can and will work.

Mr. STAATS, I would like to say to you, Mr. Chairman, we supported Title VII and Title VIII in our discussions with the House and with the Conferees. We do think that Title VII and VIII are both very important pieces of this total legislation.

I would like to add one other thing which we have emphasized at the times we have made formal testimony on this budget legislation before the different committees of the Congress. There will be problems in the first year or the second year. Things will have to be worked out, but the important thing is to give the new organization time to work out those problems.

Referring back to my own background in the Budget Bureau, where we attempted many years ago to develop overall targets for the Presidential budget along the same conceptual line as this legislation, we had great difficulty, the first two or three years and we had to work out those problems. The agencies did not understand what we were trying to do. I hope that the Congress does not get discouraged if this does not work smoothly the first time around, because I am sure there will be problems, just as there were in the executive branch.

Senator METCALF. I am sure there will be, too. I was pleased that Mr. Hughes assured us that there has been cooperation from the Treasury Department and from the OMB, in trying to work out the initial stages of this, because—even though I like the statement that GAO will take an aggressive attitude—there are executive and administrative problems that are going to be unsurmountable, if

there is not mutual understanding and cooperation. I am glad you have that cooperation.

Mr. HUGHES. Cooperation has been good, Mr. Chairman, particularly recently.

As you say the problem has to be solved. The data must come out of the executive agencies. They have it by and large. That is why it must originate there, and we must resolve those problems.

Senator METCALF. We would like to have it a little earlier, that is all. We would like to have it as part of the preparation of the budget, instead of having it thrown at us on the 21st of January.

Mr. HUGHES. I think that is a reasonable goal, and we should be able to achieve it.

The one comment, repeating myself a little bit with respect to the dialogue that I had with Mr. Cleveland, is that these are complicated problems, and by and large, they are human problems, problems of human interrelationships, not solvable by machines.

Machines may help, but there remain fundamental difficulties. We had some rather candid dialogue with the Executive Branch people and I think one of them stated the ultimate problem rather well. He said there may come a point when they would rather take the heat of not providing the information than take the heat involved in providing it. Those dilemmas need somehow to be faced up to.

Senator METCALF. That is inevitable, I think.

Mr. HUGHES. That is the kind of issue we are struggling with. The computers will not help on these human problems.

Senator METCALF. Sometimes you may find that the Congress will pull the rug out from under you, by deciding that some kinds of information you seek should not be provided. But most of the time, I hope, we will be able to give you cooperation in your search for information to make this new congressional budget process work.

Mr. STAATS. The important thing here is that the legislation does provide the charter, and it also provides the mechanism for a continuing dialogue on this with the executive branch. This is very important, because without that, we are not really going to make progress. It may be slow in some areas, but even so, I think the fact that there is a charter and the mechanism now for this dialogue to take place will be a great step forward.

Senator METCALF. I think this will be helpful, and I am going to ask the staff to extract this, and I will put it in the Congressional Record as a part of the discussion so that we will make some legislative history.

Mr. STAATS. Very good.

(This terminated the excerpt.)

Mr. ERVIN. Mr. President, I yield now to the Senator from Arkansas.

Mr. McCLELLAN. Mr. President, I desire to have the distinguished chairman of the Government Operations Committee clarify some of the intent of that committee, and of the conferees, in drafting the language of title X of the Congressional Budget and Impoundment Control Act of 1974, S. 1541.

Title X of S. 1541 must be correctly understood and interpreted at the outset by members of the executive branch if that statute is to be fully effective. Therefore, I would like the chairman of the Senate Committee to explain some portions of title X of that legislation so as to more fully explain the interrelationships of its provisions, to demonstrate how these various subsections are intended to operate harmoniously so as to remove any possible ambiguity or conflicts between these provisions.

In short, I believe that the answers to the following questions will be helpful to Members in considering this legislation correctly and in properly reconciling the intended overall operation of its various sections.

Can the President propose the deferral of multiyear funds beyond the end of any fiscal year?

Mr. ERVIN. No, he can propose deferral only to the end of the fiscal year in which he proposes the deferral. If the Congress does not disapprove the proposed deferral, he must then make all the funds available for obligation in the next fiscal year—unless he proposes deferral of part of the remaining funds in a new message in that fiscal year.

For example, the President could, under section 1013, propose to defer all or part of a 3-year appropriation for procurement for the first fiscal year of its availability. At the end of that fiscal year, he would be required to make the budget authority available for obligation or submit another proposal covering the second year. This can go on until the last year of availability. At that time, if the President proposed further deferral, section 1012 would apply—since deferral to the end of that year would result in the termination of the procurement program. This would require a rescission bill. Of course, should such a deferral have, at any time, the effect of terminating all or part of a program—even during the first fiscal year—the President would be required to comply with section 1012.

Mr. McCLELLAN. Can the President, under section 1013 of the bill, propose to "defer" any 1-year budget authority for the entire fiscal year for which that budget authority is provided?

Mr. ERVIN. No, that would be a proposed reservation of the budget authority under section 1012. Thus, the exception in section 1013(c) would deny the President the authority to propose a "deferral" for the entire fiscal year. The President would be obliged to proceed under section 1012 if his intent was to defer the obligation of 1-year budget authority for the entire fiscal year.

Mr. McCLELLAN. Then, insofar as 1-year money is concerned, section 1013 merely provides a procedure under which the President can propose the deferral of expenditures to a later point in the fiscal year involved but, in no event, can such proposed deferral extend to the end of that year?

Mr. ERVIN. Yes, that is correct.

Mr. McCLELLAN. Does this mean that where the apportionment process is used so as to cause a deferral of expenditures to a later quarter—other than those apportionments which merely allocate expenditures on a basis so as to avoid deficiency spending—all such apportionments will in the future be required to be reported to the Congress?

Mr. ERVIN. Yes, that was our intent in drafting these sections and we understand that the Appropriations Committee needs to have these reports so as to assure that the apportionment process is not being used for a purpose unintended by the conferees.

Mr. McCLELLAN. What happens if a "deferral" of budget authority is proposed for single-year funds so that the effect of the deferral would be to withhold or delay funds until a point in the fiscal year such that the programs or projects to which those funds would be applied are effectively stymied or changed?

Mr. ERVIN. The situation you describe cannot occur since such action would not be a bona fide proposed "deferral" but in fact a proposed reservation which must be reported under section 1013. The language of section 1012 "to be reserved from obligation for such fiscal year" would apply to that kind of action and thereby require the President to proceed under section 1012.

Mr. McCLELLAN. I take it then that the phrase "is to be reserved from obligation for such fiscal year," as used in section 1012, is not restricted to a situation when a "reserve," as specifically authorized by law, is proposed to be established?

Mr. ERVIN. That is correct. The phrase is not restricted to any proposed establishment of "reserves" but covers all procedures or actions which propose or would result in withholding of obligation of budget authority for the entire fiscal year.

Mr. McCLELLAN. The conference report defines "deferral of budget authority" to include the "withholding or delaying" the obligation of budget authority or any other action which precludes the obligation of budget authority. Could the definition be interpreted to include withholding or other action which permanently prevents the obligation of budget authority? If so, the President might then proceed under section 1013 rather than section 1012, if he wishes. Is that the intention of the conferees or of the language of this legislation?

Mr. ERVIN. Definitely not. Any action or proposal which results in a permanent withholding of budget authority must be proposed under section 1012. Section 1013 (c) specifically provides that section 1013 does not apply to cases to which section 1012 applies. Only temporary withholding may be proposed under section 1013—and any such deferrals must be proposed under this section only.

The conferees have included both "withholding" and "delaying" in the definition of "deferral of budget authority" in order to insure that all actions which have the effect of preventing the obligation of budget authority for any length of time shall be subject to the terms of the impoundment control title. Such actions which result in a temporary delay in obligation are included in section 1013; those which result in the termination of a program or the reservation of 1-year funds to the end of the fiscal year in which they are available are included in section 1012 and precluded from action under section 1013.

Mr. ERVIN. Mr. President, the questions the Senator has asked call for answers; and the questions and answers together, I think, clarify completely the essential questions that might arise under the impoundment and deferral provisions of the bill. The Senator has

rendered a great service to the Senate in propounding these questions and in giving me an opportunity to answer them.

Mr. McCLELLAN. Mr. President, will the Senator yield now for one or two other questions that are not covered in the prepared statements?

Am I correct in understanding that section 1012 means that the President may send to Congress a message requesting a rescission of certain appropriations, either in part or in full, of whatever Congress may have appropriated for any particular item of function of Government?

Mr. ERVIN. That is the purpose of the section. It is to provide an orderly method by which differences of opinion may be reconciled between the President and Congress in respect to the amounts of appropriations sought. It is a sound and sensible method, without going to a confrontation.

Mr. McCLELLAN. But that message has no legal effect. What it amounts to, does it not, is simply the President's recommendation to Congress to enact a bill to rescind those items of appropriations that he desires to have rescinded?

Mr. ERVIN. The Senator is absolutely correct. The recommendation of the President that an appropriation be eliminated or reduced in and of itself would have no legal effect whatsoever. In other words, for it to become effective, both Houses of Congress, by a majority vote, would have to take action either eliminating the appropriation or reducing the appropriation.

Mr. McCLELLAN. In other words, the message has no effect until and unless, within the prescribed period of time—45 days—Congress has completed action on a rescission bill rescinding all or a part of the amount proposed to be rescinded, or is that to be reserved?

Mr. ERVIN. The Senator is correct.

Mr. McCLELLAN. What would be the effect if, by the end of the 45 days, Congress had not completed action on the bill, but within a few days thereafter it did complete action? It would be legislation, the President could sign the bill, and the rescission would then become law.

Mr. ERVIN. Oh, yes, I think so, because under the legislative authority given to the Congress by article I of the Constitution and also by the necessary-and-proper clause, even though Congress does not act in the 45 days it could act thereafter.

Mr. McCLELLAN. It could. There is nothing to keep Congress from acting upon it.

Mr. ERVIN. No.

Mr. McCLELLAN. That does not prevent or preclude Congress from rescinding thereafter.

Mr. ERVIN. I might say that the 45-day provision is placed in the bill for the purpose of spurring speedy congressional action, but with recognition of the fact that Congress cannot deprive itself of any other power it has under the Constitution.

Mr. McCLELLAN. That is right. In a rescission message, rescission requires the enactment of a bill, whereas a deferral

does not require the enactment of a bill.

I turn now to section 1013. As I interpret it, this section provides that the President can send a message requesting a deferral, but the deferral shall be made available for obligation if either House of Congress passes an impoundment resolution disapproving such proposed deferral.

Mr. ERVIN. Yes.

Mr. McCLELLAN. It takes only one House to act on a deferral, whereas a rescission takes a bill, an action of both Houses.

Mr. ERVIN. That is right. In other words, section 1013 applies to what might be called the multiyear appropriation. It would authorize the President to defer any particular year's appropriation to the end of that year. But either House of Congress could veto his deferral, and in that case it would become necessary for him to carry out the project as authorized and funded by Congress.

Mr. McCLELLAN. This language cannot be corrected if it needs to be. I am not sure whether additional language is needed in section 1013 in order to avoid a possible ambiguity regarding the limitation of the applicability of that section to multiyear appropriations. However, the needed clarifying language may already be implicit in the present text of section 1013(a) which reads:

Whenever the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any officer or employee of the United States proposes to defer any budget authority provided . . .

It seems to me that this language would be necessary to read: "Provided," and I then necessarily read this to mean that it applies to "appropriation acts with availability of 2 or more years."

Is the omission of the above nine words inadvertent, or does the Senator think these words are not needed since they are necessarily implied in the conferees' intent as to the operation of section 1013?

Mr. ERVIN. It is implied. Section 1013 is intended to apply to multiyear appropriations because Congress in effect expresses its intent that single-year funds be obligated during the year of their availability by making them single-year funds in the first place.

The conferees intend that every executive action or inaction which has the effect of preventing the obligation of budget authority for any length of time be reported to Congress by special message, either under section 1012 or 1013.

Mr. McCLELLAN. If the Senator had the bill back on the drafting board, I think maybe that language should have been inserted.

Mr. ERVIN. It might have been better to put it in, but I think it is implied.

Mr. McCLELLAN. It probably is. It just occurred to me, though that while that language is necessarily implied, it is better to make this intent explicit now so that there will be no future misunderstanding of the intended operation of these sections. I therefore thank the Senator.

I did want this observation in concluding my remarks, Mr. President. At

the time the bill was before the Senate, I think on the day of final passage, I made some remarks, and I reiterate those remarks today by reference. They appear at page 4314 of the CONGRESSIONAL RECORD of March 22, 1974.

I may say that I today express the same concern regarding this bill—whether it is going to be workable or not—and I also express the same hopes for the ultimate good that will come out of the very strenuous and dedicated efforts that have been made by those who have worked on the bill in an effort to find a solution to a tremendous problem that confronts us in budgetary matters and in trying to handle the fiscal policies of the Nation.

I have sometimes said—and I think with some justification and with factual information to sustain it—that the Government today has simply become so big, its financial obligations are so great and so varied, that it is almost impossible to manage it efficiently under the democratic processes.

In view of that, it is compelling upon us to search for, to grope for, to experiment with, and to make every effort within our capacity and ingenuity to find a way to master this terrific problem; and if we do not, I fear we are in for even greater trouble than the strain we now feel.

I thank the distinguished Senator for yielding to me. I compliment those who have worked so hard on this measure, and I still express the hope and the aspiration that good will come from it, and that this is a step, a definite measure of progress in this field, and in the proper direction.

Mr. ERVIN. The Senator from Arkansas, whose mother came from North Carolina, has always been one of the strongest advocates in Congress of fiscal responsibility on the part of the Federal Government and, of course, fiscal responsibility on the part of the Federal Government requires fiscal responsibility on the part of Congress.

While we do not know how this bill will operate, we do know that it will operate successfully only if an effort is made by the Senate to make it operate successfully; and I think that this bill is the best proposal that has thus far been made to make effective what the Senator from Arkansas and the Senator from North Carolina have been fighting for for the last 20 years, and that is financial responsibility on the part of Congress as well as on the part of the executive.

Mr. McCLELLAN. I thank the distinguished Senator for yielding to me.

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

Mr. ERVIN. I had promised to yield first to the distinguished Senator from Illinois (Mr. Percy), who is one of the Senators who have done yeoman work in bringing this proposal to its present state.

Mr. PERCY. Mr. President, I thank my distinguished colleague. I know the distinguished Senator from Wisconsin is anxious to clear up some points that may be ambiguous. So, before I begin my own comments, in the interest of the time of

the Senator from Wisconsin, I am happy to yield to him for the purpose of clarifying any questions he may have.

Mr. PROXMIRE. Mr. President, I thank the Senator from Illinois. That is most helpful. I shall not take more than a couple of minutes, but I would like some clarification of the intent of the committee of conference with respect to those agencies which are now excluded from the President's budget under provisions of law. There are six such agencies, of which the largest in terms of outlays is the Export-Import Bank. The Senate voted to repeal those exemptions, that is, to put those agencies back under the budget. The conference committee did not adopt the Senate position but rather provided that the budget committees would study these exemptions on a continuing basis and report to their respective Houses any recommendations for changes.

In the Senate Banking Committee the other day, we had considerable debate as to whether or not we should put the Export-Import Bank back in the budget.

I had an amendment to do that. We had a close vote on it, and my amendment lost. The only argument, really, that was made against my amendment was that the conference had agreed that there would be a study made, and that under those circumstances, the authorizing committees would act improperly and in contradiction of what the conference intended.

So I would like to ask the distinguished Senator from Illinois and the distinguished Senator from North Carolina, first, did the conference committee intend by this to preclude any action by the relevant authorizing committees to put exempt agencies like the Export-Import Bank back in the budget?

Mr. PERCY. In answer to the question of the Senator from Wisconsin, absolutely not. There was no intention to preclude any attempt to put exempt agencies like the Export-Import Bank back in the budget by the relevant authorizing committees, in this instance the banking committees.

Mr. PROXMIRE. In the second place, was it the intention of the conference committee to assign to the budget committees definitive responsibility for the resolution of this issue?

Mr. PERCY. Absolutely not. In none of the discussions we have had or in none of the language of the report or the language of the law as I read it, did we attempt in any way to assign to the budget committees exclusive responsibility for decisions on this issue. The budget committees are merely asked to keep the issue under study. They cannot report legislation to change the law, nor was it ever our intention that they do so.

Mr. PROXMIRE. There is a question of timing here that is of considerable significance, and I think is really the heart of the objection to our acting on the Export-Import Bank now. The argument was made that since a study had been authorized, and the study would recommend a change, the Banking and Currency Committee should await the study by the budget committees before taking any action; that that might not

be until some time next year or the year after, but whatever time it was, the budget committees should be given the courtesy of an opportunity to make such a study and make recommendations one way or the other. Is it the view of the Senator from Illinois that the authorizing committee, in this case the Banking Committee, should wait on the study by the budget committees before it acts?

Mr. PERCY. I would think—and this is a personal view—that if there is a reasonable expectation that the budget committees will get these studies under way, in this case the budget committee of the Senate, recognizing the fact that this is a controversial matter in which there are arguments on both sides by very responsible Members of this body, and if there is a reasonable expectation that those studies can be completed in time, then it would be well for the authorizing committees, perhaps, to wait.

However, if it does not appear as though, after a reasonable period of time, such study can be quickly accomplished, then I would say the authorizing committees should go right ahead and make their own decisions, based on their own expertise, because after all, they have been involved in these matters for a long time.

The Senator from Illinois is really quite sympathetic with the argument that the Export-Import Bank should be included in the President's budget. But the Senator from Illinois determined that we really did not have enough facts, as of this time. There was a presumption on my part that it would be a good idea, but there was strenuous objection from respected sources, and for that reason the committee of conference decided that a study would be desirable before decisions were made.

Mr. PROXMIRE. That answer gives me some trouble, because my notion was that we could act within the next couple of weeks when the Export-Import Bank bill comes before the Senate. It is scheduled to do that—the time might be extended, but sometime in the next month or so, and I had hoped that at that time we could put an amendment in to have it covered in the budget.

It seems to me that the presumption should be, on the part of those who would exclude anything from the budget, that it should stay out. I would hope we would not have to wait until the budget committees could be organized and staffed, and spend some time making a study. It might be a year before we could get a conclusion under those circumstances. I would hope the Senator would indicate, at least, that the Senate could act without doing any serious violence to the intention of the conferees.

Mr. PERCY. I should not think any authorizing committees would feel that they are duty bound to wait until these studies have been completed. The work of the Senate must go on.

It is the understanding of the Senator from Illinois, however, that there are objections other than the fact that studies are being made. There is deep concern on the part of some Members of the Senate that proper lending activities might be curtailed as a result of the Export-

Import Bank being placed in the President's budget process. But I should think the authorizing committees should make their own decisions in this respect, taking into account that a very high priority would be placed by the budget committees, and certainly, if the Senator from Illinois would have anything to say about it—I believe I would do so on behalf of the distinguished Senator from North Carolina. I know that this is a highly controversial matter of great importance and I would urge we use our influence to urge the Budget Committee to undertake the studies at the earliest possible moment.

Mr. PROXMIRE. It was in the budget until 1971. No arguments were made that it inhibited proper lending activities. The Chairman of the Federal Reserve Board, the Comptroller General, and others recommended that it be put in the budget.

I simply ask a couple of other questions briefly. Is it in fact the case that the congressional concurrent resolutions provided for in this act could include outlays for the agencies now exempt from the Federal budget—in other words, it would be proper? I do not say mandatory but it would be proper for the resolutions on the budget to include the Export-Import Bank. My point is, if this is done and the budget that comes from the President does not include the Export-Import Bank, then we would have a discrepancy and it would appear that Congress was asking for a bigger budget than the executive. That would not be fair or accurate. It would be untrue. The only way we could prevent that is by putting the Export-Import Bank into the budget.

Mr. PERCY. I think that would be a very unfortunate occurrence if the congressional budget would appear to be larger than the President's budget as a result of these exclusions. We should have a mutual agreement between the executive and congressional branches as to what is to be included.

Mr. PROXMIRE. I thank the Senator. Would the Senator from North Carolina indicate whether he would agree with the statements just made by the distinguished Senator from Illinois (Mr. PERCY), for the record?

Mr. ERVIN. I would like to say that the agencies which are exempted from the President's budget number six; namely, the Export-Import Bank, the Rural Electrification Telephone Revolving Fund; the Rural Telephone Bank; the Federal Financing Bank; the Environmental Financing Authority; and the U.S. Railway Association.

My personal conviction is that every item of expenditure which is going to be made by the Federal Government should be dealt with in the President's budget as well as in the congressional budget. Frankly, the provision in this study was a compromise between two contending groups, one felt they should be exempted and the other felt they should not be exempted on these particular items. The Senator from North Carolina would like to see them all included in the budget of the President. I think that they should be there.

I think that the Senator from Wisconsin would be fully within his rights as a Member of the Senate to propose that at any time in a bill or an amendment to a relevant bill, to put the Export-Import Bank in. It would be entirely within the rights of the Senator from Wisconsin.

Frankly, I would tell the Senator, I would vote for such a provision.

Mr. PROXMIRE. I thank the Senator from North Carolina very much. That is a great help.

Mr. ERVIN. The analysis of the Senator from Illinois—his views and mine so far as the matter of powers is concerned—is entirely in accord. We made this agreement as to what it should be in this particular instance, but so far as the authority of the Senator from Wisconsin to take such action with respect to the Export-Import Bank is concerned, we agree that he has it.

Mr. PROXMIRE. I thank the Senator very much.

I would conclude by saying that I agree with what has been said this morning about the very great importance of this legislation. It has been said that this is the most important bill that will be handled by the Senate in this session. Others say it is the most important bill we have had in a very long time.

I should like to point out that I have been making a series of speeches on what is right with the Federal Government. Many people think there are many things wrong with Congress—and, indeed, there are. No one will deny that our actions seem weak sometime. But in taking this action today, when the House has already passed this conference report and the Senate passed the earlier version by a resounding vote, the Senate is improving in significant and substantial ways, which should give the American people some encouragement and hope that we are progressing in providing better government. With all kinds of problems and weaknesses and difficulties still, this will be a better Congress, a better operating Congress, and a more fiscally responsible Congress. It will mean that Congress has determined its priorities, and that it will have more clout in the future because of the action that the conference has taken and I hope that the Senate is about to take today.

Mr. PERCY. Mr. President, I thank the distinguished Senator from Wisconsin for his comments. He serves as the chairman of the Subcommittee on Economy in Government on the Joint Economic Committee. It is a great pleasure for me to serve as the ranking Republican on that committee.

The Senator from Illinois, when he first came to the Senate, set as one of his objectives that every single day in the year he would try to find a way to reduce Federal expenditures by the amount of his annual salary. The record will show that we have exceeded that amount many times over. I would hope that that objective could be shared with many other colleagues. It certainly has been in the case of the distinguished Senator from Wisconsin who, ever since he came to Congress, has tried to make our dollars go farther, and has tried to work them harder. This is the whole purpose,

really, of budget reform. The passage of this conference report is rightly hailed as an historic moment for Congress. I do not know what the vote today will be. We will have a rollcall vote on it but I do feel that it will probably be unanimous. The vote of the House the other day was 401 to 6 which, considering the diverse views and ideologies of House Members, is virtually unanimous. The Senate, voted unanimously to pass S. 1541-80 to 0, even after it had been broadcast that we could not possibly pass such a bill because of the conflicting views of our Members, because of the way it would invade the particular turf or territories of a particular Senator or a particular committee.

This testimony to the fact that when we set our minds to do something, we really can accomplish something that is in the national interest and that certainly will serve the interests of every taxpayer and citizen in this country. It is probably the achievement of reform, urged on us for many decades, and which represents thousands of hours of dedicated work by Members of Congress and their staffs for all the consideration of the questions of committee jurisdiction entailed, and for all the complexities of the issues which were involved, the bill was passed in an extraordinarily short period of time. For such a bill to be passed within a single Congress is a tribute to the dedication to which Senators and Representatives have approached this very difficult task.

It also demonstrates that the American people demand better performance by Congress. The makeup of the Government Operations Committee on the Republican minority side is diverse, diverse in territorial distribution, diverse in the constituencies they represent, and diverse in their various political philosophies. But certainly the distinguished Senator from New York (Mr. JAVRS) has rendered valuable service. Deep down in his heart he knows, and has known from the outset of this debate, that the best way to keep a sound government, a sound country, a sound people, is with sound fiscal procedures. He has contributed immensely, as has the distinguished Senator from Florida (Mr. GURNEY) who has worked so tirelessly with us in this effort, as has the distinguished Senator from Delaware (Mr. RORER) and the distinguished Senator from Tennessee (Mr. BROCK) both of whom served not only in the conference but presented many ideas, amendments, and suggestions, and who participated with particularly good effect in the months of debate on the bill in the subcommittee and in the committee. To them I am deeply grateful indeed.

Mr. President, I ask unanimous consent that Al Euckberg and Thomas White of the Joint Committee on Internal Revenue and Taxation be given the privilege of the floor during this discussion.

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

Mr. TUNNEY. Mr. President, will the Senator from Illinois yield?

Mr. PERCY. I yield.

Mr. TUNNEY. I should like to con-

June 21, 1974

gratulate the committee on the very fine work it has done. As one Senator who introduced a bill on the same subject over a year ago, I think that the committee is to be commended for the hard work it has done in making it possible to achieve the results that we are going to have today when this bill passes—probably unanimously—the Senate.

I do not think there is any way in which we can determine our social priorities more clearly than through the mechanism of the Federal budget. For Congress not to have the ability to establish, at the very beginning of each session, a ceiling, and then to relate each appropriation bill to that overall ceiling, does not make any sense at all.

I believe that this represents one of the major systemic reforms that have been desperately needed for a long time. The fact that the committee was able to take so many divergent views and fashion them into a package, a whole, demonstrates that our system can work, and it will work much more effectively in the future.

I thank my distinguished colleague for yielding.

Mr. PERCY. Mr. President, I thank my distinguished colleague not only for his comments, but also for his very active cooperation.

I also point out that another distinguished Senator from California, Senator CRANSTON, joined the Senator from Illinois and the Senator from Virginia (Mr. HARRY F. BYRD, JR.) in introducing S. 846, at the beginning of this Congress. This was one of the bills on which the Senate budget reform bills, S. 1541, was based, because it embodied many of the concepts that we believed in deeply at the time. We were almost pioneering at that time.

I am deeply grateful for the assistance and encouragement offered to me by the distinguished Senator from California (Mr. CRANSTON).

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

Mr. PERCY. I yield.

Mr. CRANSTON. I am grateful for the generous remarks of the Senator from Illinois (Mr. PERCY) and for the opportunity to join with him and the Senator from Virginia (Mr. HARRY F. BYRD, JR.) to do some of the pioneering work on this legislation.

I believe that this is probably the most important bill that has been passed or considered by Congress during the time I have been in the Senate. Its long-range consequences will be tremendous in terms of easing the pains of taxpayers and enabling Congress to examine the wisdom of spending priorities and the effect of these on the operations of the Government and the whole economy.

I congratulate the Senator from Illinois and all those who have worked on this matter, Senators ERVIN, CANNON, and JAVRS and others, for their tremendous work.

I know that Senator METCALF and Senator MUSKIE have done great work, and I congratulate them. The Senate owes their leadership a great debt.

Last winter, when many students of Congress began to express serious doubts

that any congressional budget control legislation could ever be reduced to workable practical form, Senator ROBERT C. BYRD truly distinguished himself and earned a place as one of the masters of the science of the legislative process by the painstaking revisions of S. 1541 undertaken by his Subcommittee on Rules and Procedures. There is no doubt in my mind that this master of procedure deserves the lion's share of the credit for making the substantive proposals of the Congressional Budget and Impoundment Control Act of 1974 workable.

Mr. President, today the Senate will complete final action by Congress on a most important piece of legislation. From the standpoint of the fiscal well-being of the Nation, the Congressional Budget and Impoundment Control Act of 1974 is a most significant achievement of Congress.

The Budget Control Act represents years of very hard work. I commend the members of the Senate Government Operations Committee and the Senate Rules Committee—and the able staffs of both committees—for the months of untiring effort they have put into bringing us to the point where congressional budget control can be realized.

I have long advocated a limit on Government spending. I have thought that this issue never has been one of liberals versus conservatives. The debate, instead, is about what spending is really necessary within predetermined limits.

The Congressional Budget Control Act, I believe separates this traditional debate between different political philosophies into two major debates. One is over the spending limit itself. How much shall we spend? What revenues will be coming in to meet expenditures? Should we aim for a surplus? A deficit? Or a balanced budget? Will we need more revenues to meet anticipated needs?

These questions relate to the larger economic aspects of the budget which Congress in the past pieced together in some 13 separate appropriations bills, and in any number of supplemental appropriations bills.

The other debate will—and should—take place over priorities for spending. Unquestionably, this will promote a new and far healthier form of competition for funds. Some fear this competition will mean the end of programs for those without powerful political voices to speak for them. This need not be the result. Congress in the past has conscientiously exercised its role as Federal guardian of those who lack the numerical and financial strength to prevail by sheer political force. There is no reason why Congress should abandon this obligation and duty. I and others will work to see that it does not.

Competition can produce very beneficial results. It can best take place in the context of the procedures of the Congressional Budget Control Act. Old programs which have accomplished their original goals will be subjected to closer scrutiny as to their current usefulness. Resources still being spent on objectives long ago attained can be shifted to areas of greater need. Competition with leaner and better programs will either improve out-

moded programs or eliminate them altogether. I think this is all to the good, and it certainly constitutes an overdue reform.

As important as the budget control features of this legislation are to Congress and the Nation, the impoundment provisions are worthy of special mention. For many years, Presidents have exercised their prerogative under the Anti-Deficiency Act to withhold appropriated funds for contingencies, to effect savings and enhance efficiency, or to respond to other developments which occur subsequent to Congress appropriating the funds. In recent years, this authority has been greatly expanded by President Nixon, far beyond what I believe was the original intent of Congress. The President ignored the legislative will of Congress by selectively withholding billions of dollars from vital programs through the impoundment mechanism.

I cosponsored legislation in the 92d Congress to require congressional approval of impoundments. Later, I was an original cosponsor of Senator ERVIN's bill in the 93d Congress. It prohibited impoundments for any reason, without a formal rescission resolution by both Houses of Congress within 60 days after notification by the President of his desire to withhold funds.

I am very pleased that the conferees on budget control have put the anti-impoundment measure in final form. It is an excellent provision. It requires the President to submit to Congress in writing his request to withhold funds from any appropriation. A rescission bill must be passed by both Houses within 45 days to approve the President's request. Without both rescission bills, the budget authority must be released for obligation.

One other feature of this historic legislation which I would like to call for the attention of my colleagues are provisions concerning entitlements—something of particular importance to veterans and others. I introduced the original amendment of this matter, and I am delighted with the final version that has been worked out in conference.

Finally, let me say that I know of the tremendous contribution made by Herb Jaspers of the Labor Committee staff to this legislation. He performed one of the ablest pieces of staff work I have witnessed on Capitol Hill. His work in coordinating the efforts of an unusually large number of staffers was magnificent, and I congratulate him—and them.

Mr. President, after this vital piece of legislation passes the Senate today and is sent to the President, I hope he will sign it and pledge to cooperate with Congress in a new effort to combat inflation by controlling Federal spending.

Mr. PERCY. Mr. President, I thank my distinguished colleague.

Mr. President, looking at the majority side of the Government Operations Committee, I have read any number of editorials recently that this particular piece of legislation or that particular piece of legislation is going to be the crowning jewel in the legislative career of the distinguished chairman of the Government Operations Committee, the Senator from North Carolina (Mr. ERVIN).

I have participated with him in certain legislation that we have introduced this year to repeal the no-knock legislation, the rights of privacy legislation now in the process of hearings in the Government Operations Committee, a field in which the distinguished Senator has worked for some 20 years.

The lead editorial in last night's Washington Star indicated that this may be the crowning jewel in the distinguished career of the Senator from North Carolina.

I feel very strongly, indeed, that the budget reform bill and the work done by the distinguished Senator will, for many, many decades to come, be one of the finest achievements of his political and public career. We are very grateful to him, and to Senator McCLELLAN, the chairman of the Appropriations Committee and past chairman of the Government Operations Committee, for his very constructive help, without which we simply could not have made the progress we did make.

The distinguished Senator from Washington (Mr. JACKSON) maintained a deep interest throughout the course of our deliberations, and his expertise in many areas was of immense help.

Mr. President, I had the great pleasure of working with the distinguished Senator from Connecticut (Mr. RIECORFF), and particularly with the distinguished Senator from Maine (Mr. MUSKIE) on many, many aspects of this bill. We had many areas where we agreed; we had certain areas where we disagreed. But always through an exchange of views and an understanding of each other's point of view, we were able to reconcile our differences. This bill is the result.

I have said many times that the unsung hero—and he will not be unsung much longer, because we are all singing his praises—the distinguished Senator from Montana (Mr. METCALF), provided a tremendous degree of assistance as the chairman of the subcommittee which dealt with this particular piece of legislation.

It was his persistence, his spirit of compromise, his resilience, and his tenacity which made possible the proposed legislation.

I think we should make note of the fact that the present Attorney General of the United States, former Senator Saxbe, served as the ranking minority member of that subcommittee. We are grateful for his participation and his help.

Senator ALLEN, with his usual expertise and knowledge, has been of great assistance. The Senator from Florida (Mr. CHILES) provided many new insights to us on the legislation. His penetrating questions were always helpful. We immensely enjoyed working with the Senator from Georgia (Mr. NUNN) and the Senator from Kentucky (Mr. HUBBLESTON), who, in spite of their having been on the Government Operations Committee for not quite as long a period as many others, actively participated in the consideration of this legislation. In their own right, they provided a tre-

mendous insight into the nature of some of the problems as we dealt with them.

Our achievement is great, and we are rightly proud of it. But the implementation of this bill will be even more difficult. It will require even more determination than its enactment.

Even though we are feeling extraordinarily good about the work we have accomplished to date, the assistant majority leader, the distinguished Senator from West Virginia (Mr. ROBERT C. BYRD), who is a realist, always brought us back to the point of realism in the hearings that were held before the Committee on Rules and Administration, which he chaired. The distinguished Senator from Michigan, Senator GRIFFIN, who is ranking minority member of the Subcommittee on Standing Rules of the Senate, deserves great credit for assisting consideration of the bill by the Rules Committee.

I point out, once again, that during the year-end Christmas holidays the Senator from West Virginia was here, busy at work on this legislation, so that we might, when we returned from that recess, immediately implement many of the fine ideas that he elicited.

Mr. ROBERT C. BYRD, Mr. President, I thank the distinguished Senator.

Mr. PERCY, Mr. President, the implementation of this legislation will be important, for, unlike the vast majority of bills which we pass, we must implement this legislation ourselves. This is nothing that we can pass on to the executive branch and say, "We have passed the laws; you implement them."

This implementation must be done by ourselves. The executive branch cannot be blamed for failure this time. If we fail, only we can be blamed.

There is a skeleton hiding in our collective closet, reminding us that in the late 1940's an effort to reform the budget process gave up the ghost. That skeleton of failure is rattling its bones today, reminding us that we cannot afford to fail again.

Mr. President, certainly the critical period that we are facing today, with two-digit inflation, with a failure of confidence by the American people in the future value of their dollar and of their wages and earnings, is an indication that it would be absolutely a catastrophe if we failed to implement the spirit and intent of this legislation.

This institution cannot survive much more of the "I told you so" cynicism that prevails in public opinion. We must make budget reform work, and we will rightly be blamed if it does not work.

Mr. President, this task will not be easy. We may already be behind schedule. The bill provides that the new congressional budget organization, the Budget Committee and the Congressional Budget Office, be created immediately upon enactment, and that we begin the trial run of some of the key processes next spring. The bill makes these trial run procedures optional, but I believe they are absolutely critical to the success of reform.

If we do not make maximum use of the trial run, we could fatally cripple the implementation of the mandatory processes

that come into force in 1976. This is because the bill creates procedures that will make new demands on virtually all the committees. Congress must become accustomed to the new procedures in the course of time. To attempt to implement them without a trial period could result in outright congressional rejection of the entire reform.

By April 15, 1975, less than 10 months from today, the Budget Committee should report the first concurrent resolution—the first truly congressional budget. By April 1, 1975, the CBO should make its major report on fiscal policy. These two key events will require the creation, as soon as possible, of the Budget Committees, the appointment of the Director of the CBO, and the building of very competent staffs. The CBO must be funded, preferably by the Legislative Appropriation Act, though during the interim period until such appropriation can be made the contingent fund of the Senate will be used for this purpose.

At this point, I wish to ask the distinguished chairman of the Committee on Government Operations and the chairman of the Subcommittee on the Budgeting, Management, and Expenditures whether or not it would be well right now to once again establish, as I said in our discussions in subcommittee and committee, and as I believe we have tried to establish in the letter and spirit of the law, as well as the report itself, that the budget committees truly demand, if any committees demand it, expertise on the part of the members of those committees, and that the seniority system certainly should be abandoned in this particular area; that it would be a great disservice to the people of this country, to the taxpayers of this country, and the whole idea of congressional reform if seniority were the only basis for deciding which Republicans and which Democrats were to be assigned by the respective caucuses or Committee on Committees, to the Budget Committee; that there should be a degree of expertise, and a degree of knowledge; and that we want on those committees, the best, broadest representation we can have of expert thought in the Senate.

This is a human judgment, obviously, that will be made, but I think the spirit of what we tried to accomplish should be implemented.

I am very happy to yield to the distinguished Senator from Montana (Mr. METCALF), the chairman of the subcommittee, for any comments he cares to make.

Mr. METCALF, Mr. President, with permission of the chairman of the committee, may I be permitted to respond first?

Mr. ERVIN, I would be delighted if the Senator would.

Mr. METCALF, The Senator from Illinois will recall that when we organized the subcommittee and started hearings on this matter we had before us the Joint Study Committee on Budget Control's bill and we had the report from that committee providing that the Committee on Appropriations had to have so many members, with so many members from

June 21, 1974

CONGRESSIONAL RECORD — SENATE

S 11235

finance, and so many members from ways and means, and so forth.

Then there were suggestions, and I had one of them, that we have limited terms so that we would have not only experienced senior members, but also we would have some of the new, interested, and involved junior members.

Finally, the Senator from Illinois himself came up with the idea, to appoint this committee in the same way as all the other committees, by the caucuses, but with the understanding that we need some input from the Appropriations Committee, we need some of the expertise from the Finance Committee, and at the same time we need the young and the new ideas that are generated by the junior Members of this Congress.

The Senator from Illinois has mentioned the Senator from Kentucky (Mr. HUDDLESTON) and the Senator from Georgia (Mr. NUNN) who are new members, who made a tremendous input on the Democratic side; the Senator from Tennessee (Mr. BROCK) and the Senator from Delaware (Mr. ROTN), who made a tremendous input on the Republican side. Members such as those Senators should certainly have an opportunity, should certainly be considered in the selection of Senators who are to serve on this important committee.

I hope that in the caucus we will review the recommendation we started with 2 years ago and provide that we are not just going to have senior members; but give an opportunity to all members to demonstrate their interest and their concern in the budget process. Some of the best speeches in the Senate to bring this bill up over the years have been by such members as the Senator from Georgia (Mr. NUNN) and the Senator from New Mexico (Mr. DOMENICI) who made a splendid speech. They should also be considered, along with, of course, the experienced and the knowledgeable members of the Appropriations Committee, the Finance Committee, the Armed Services Committee, and other committees directly involved in budgetary decisions.

As the Senator from Illinois knows, we went over this entire matter, and the Senator from Montana suggested that perhaps we should have limited terms. I believe the way the Senator from Illinois worked it out, and the way it was worked out in the Committee on Rules and Administration, is that we have the prospect of a better committee if our respective caucuses are not confined only to those persons of seniority.

Mr. PERCY. I think the distinguished Senator from Montana, and I do feel that the Senator from Illinois is going to have some degree of impartiality because his seniority in the Senate as of, I would anticipate, the first of next year, will be under the 50 mark, so I would be about midway. That is not a self-serving comment.

The Senator from Illinois had in mind the outstanding work of the Senator from Delaware (Mr. ROTN) and the Senator from Tennessee (Mr. BROCK), who are lower in seniority, but who are very high in their performance; and certainly the work of the distinguished Senator from Alabama whose seniority is not as

great as other Members, but who would take second place to virtually no one in the U.S. Senate for his parliamentary skills and abilities and knowledge, and certainly in the field of budget and budget reform. He has been a tower of strength, as has the Senator from Florida (Mr. CHILES), the Senator from Georgia (Mr. NUNN), the Senator from Kentucky (Mr. HUDDLESTON), who are lower in the seniority ranks, but their contributions have been immense.

I would hope that all of them would have an eligibility for membership on the Budget Committee and would be given consideration by the caucuses even though on a straight seniority basis they would not have that position.

For that reason, we tried in every way we could to indicate that representation of a number of committees including authorizing committees as well as the tax and spending committees, knowledge, and deep interest rather than seniority should be the guiding rule.

Mr. President, we have much to do and we will need full cooperation. The public and private groups that have pressed us for enactment of this reform must keep up their pressure. They must demand a high standard of performance. The congressional agencies—the Library of Congress, the General Accounting Office and the Office of Technology Assessment—must assist their new sister organization in every way. The administration—most notably the Office of Management and Budget—I hope will abandon whatever cynicism it has about the capacities of Congress to implement this reform, and do everything possible to work cooperatively with our new budget processes and our new congressional budget organizations.

But the best way to have cynicism removed is by the performance of the Congress in implementing and carrying out the intent and purpose of budget reform. This is too important a reform to be encumbered by any jealousies or rivalries between the branches. It is, after all, the vitality and balance of our two major constitutional institutions that is at stake. Their cooperation to date has been excellent. We must sustain it.

Mr. President, for purposes of legislative history I would like to discuss the provision of the conference report relating to the content of the first concurrent resolution on the budget.

The bill as passed by the Senate required a somewhat detailed subdivision or breakdown of the 14 major functional categories contained in the first concurrent resolution on the budget.

The division consisted of the following. Within each functional category, the allocation would be divided between total funds for existing programs, and the total for proposed programs. It would thus have enabled Congress to determine explicitly the amounts it anticipated for program initiatives and new priorities. The allocations for existing programs would have been further divided between permanent and current appropriations and, within the latter, between controllable amounts and other amounts. Thus, in summary form, the budget resolution would have indicated the amounts that

would become available without any current action of Congress and the amounts estimated to be made available through the appropriations process for that year. The budget resolution would also have disclosed which appropriations were within the effective control of Congress and the amounts not controllable under existing law.

An example of this breakdown is contained on page 15 of the Rules Committee's report on S. 1541 (S. Rept. 93-688). There were two important purposes of this division. First, it was intended to provide a more accurate basis for the crosswalk exercise. This is the procedure in section 302 of the bill which provides that the budget committees (with the Appropriations Committees) shall translate the targets established in the concurrent resolution for the 14 major functional categories into targets for each spending bill to be considered by the Senate and House after the concurrent resolution is adopted. The effective operation of the crosswalk is critical to the success of the budget reform. It will be on the basis of the targets derived from the crosswalk that the scorekeeping process will occur. Each committee and subcommittee reporting budget authority bills must know what its target is, as must the Congress. If, for example, the Senate is about to vote an increase in the funding contained in the bill above the target, it should know that it is about to breach that target. Without the discipline of the targets and the scorekeeping process, the total of the budget authority bills actually voted by Congress may very substantially succeed the spending level in the first concurrent resolution, and jeopardize the effectiveness of the reconciliation process.

The second purpose of the division required by the Senate bill was to force a more realistic debate on spending and priorities. Too few members understand the extent to which spending for a great many programs is uncontrollable. It is easy, but extremely misleading, to propose substantial budget cuts when it is almost literally impossible to cut back spending without taking the cuts entirely out of the ever-smaller portion of the budget which is really controllable. Were the concurrent resolution to contain the divisions required by the Senate bill, the debates on priorities for spending would be better informed.

The committee of conference agreed to delete the requirement that the first concurrent resolution contain the further division. Instead, this division is required in the budget committees' reports on the resolution. However, in section 301(a)(6) the conference report provides that the budget committees may, at their discretion, include in the concurrent resolution—

Such other matters relating to the budget as may be appropriate to carry out the purposes of this Act.

Under this provision, it is clear that the budget committees may include the further division, or some variation or modification of it, if they determine that it is necessary to make the essential crosswalk and scorekeeping procedures of the bill effective. In short, the dele-

S 11236

tion of the requirement that the concurrent resolution contain the further division of the 14 major functional categories was not intended to limit the ability of the budget committees to include that breakdown in the first concurrent resolution itself.

III

Mr. President, a variety of funding devices are used in the budget and the status of some of these is to be modified by this legislation. For purposes of clarity and legislative history, therefore, I will review the main types of spending and their treatment in H.R. 7130.

Budget authority: This is authority provided by Congress to enter into obligations. Budget authority usually is furnished in annual appropriations, but it also may be provided in permanent appropriations and through backdoor procedures such as contract or borrowing authority.

It is important to note that budget authority relates to authority to obligate—not to spend—Government funds. Through its enactments, Congress has control over the obligations but not the outlays of Federal agencies. Once the budget authority has been granted, Congress traditionally has had no control over the timing of the expenditure. One of the purposes of the congressional budget process is to give Congress a measure of control over outlays.

Section 3 of the legislation excludes guaranteed and insured loans from the definition of budget authority. These loans are contingent liabilities of the United States and are not direct obligations.

The appropriate level of new budget authority is to be set in the first concurrent resolution on the budget, section 301, to guide Congress in its subsequent consideration of appropriations and other spending bills. The appropriate level of new budget authority in the second required budget resolution, section 310, is a firm ceiling and may not be exceeded in later congressional actions, unless Congress were to revise the ceiling during the fiscal year by means of a new concurrent resolution.

Outlays: This term refers to the amount of expenditures and net lending made during a fiscal year. Net lending is the excess of borrowings over loan repayments. Budget authority is the source of all outlays for under the Constitution money may be drawn from the Treasury only pursuant to an appropriation.

The amount of outlays in a particular fiscal year is determined by the current and past actions of Congress in providing new budget authority. More than \$100 billion in fiscal 1975 outlays derives from past enactments and at the end of the fiscal year the unspent budget authority available for outlay in future years will exceed \$300 billion. This pipeline is one of the main reasons why 75 percent of the outlays in the 1975 budget are uncontrollable.

The appropriate level of outlays is to be set forth in the first and second, and any additional budget resolution. Although appropriation bills only indicate the amounts of new budget authority that are to be provided, committee re-

ports accompanying such bills are to project the 5-year outlays resulting from them, and the Congressional Budget Office is to furnish various status and scorekeeping reports relating to the effects of congressional actions on budget outlays, section 308.

Functional allocations of budget authority and outlays: The total budget authority and total outlays set forth in a budget resolution are to be allocated among major functional categories. As I discussed above, at the present time there are 14 such major functions in the President's budget and under the bill, these may be changed only after consultation with Congress, section 802. The major functions are: national defense, international affairs and finance, space research and technology, agriculture and rural development, natural resources and environment, commerce and transportation, community development and housing, education and manpower, health, income security, veterans benefits and services, interest, general government, and general revenue sharing. A special, crosscutting energy category was introduced in the 1975 budget.

The functional categories overlap the appropriations categories used by Congress. Accordingly, the congressional budget reform legislation provides two crosswalk procedures before and after adoption of the budget resolution. The committee report accompanying a budget resolution is to indicate how the amounts were derived and the relationship of the functional allocations to other budget categories, section 301(d)(8). In addition, the joint explanatory statement of the managers accompanying a conference report on a budget resolution is to provide an estimated allocation among various congressional committees. The House and Senate Appropriations Committees, after consulting one another, are to subdivide their allocations among subcommittees, thereby providing a concrete basis for subsequent scorekeeping reports.

Tax expenditures: These are credits, deductions, and exemptions which have the effect of reducing the amount of Federal income tax paid by an individual or corporation. They are named tax expenditures because they have the same subsidy effect for the recipient as a direct expenditure.

In recent years, awareness of the scope and magnitude of tax expenditures has expanded, and are estimated to be in excess of \$50 billion per year. The budget reform bill provides for inclusion of tax expenditures estimates in the President's budget, the tax expenditure budget, section 601, committee reports on budget resolutions, section 301(d)(6), committee reports on tax expenditure measures, section 308(a), and Congressional Budget Office scorekeeping reports, section 308(b). In addition, the Budget Committees are charged with the responsibility of requesting and evaluating tax expenditure studies, section 101 and 102. The result of these provisions should be a new congressional awareness and public knowledge of the costs of special tax exclusions, exemptions, deductions, or credits.

No special controls are imposed on tax expenditure legislation. However, after adoption of the second budget resolution, Congress would not be permitted to consider an increase in tax expenditures that would have the effect of reducing revenues below the level specified in the latest resolution.

I wish to call particular attention to the contribution of my distinguished colleague from New York (Mr. JAVITS) in writing these tax expenditure provisions into the bill.

Off-budget agencies: With adoption of the unified budget in 1968, all Government funds and agencies were included in the budget. However, since 1971 at least six agencies have been granted off-budget status, that is, their financial transactions are not included in the President's budget, though they are annexed to it in the budget Appendix. The six agencies are the Environmental Financing Authority, the Export-Import Bank, the Federal Financing Bank, the Rural Electrification and Telephone Revolving Fund, the Rural Telephone Bank, and the U.S. Railway Association. The off-budget status of some of these agencies also includes exemption from any statutory ceiling on total budget authority and outlays. In fiscal 1975, the outlays of the off-budget agencies will be above \$3 billion.

Section 606 of the budget reform bill calls for a study of off-budget agencies by the House and Senate Budget Committees. The statement of managers on the conference report indicates that off-budget funds need not be included in the budget authority and outlay amounts in the congressional budget resolution.

Contract and borrowing authority: The budget reform bill makes a substantial change in the status of contract and borrowing authority. Contract authority is the authority enacted by Congress for an agency to enter into a contract in advance of appropriations. Borrowing authority is the authority given to an agency to borrow from the Treasury, public debt receipts, or directly from the public, agency debt receipts. In the case of contract authority, an appropriation is made after an obligation has occurred when funds are needed to liquidate the obligation. In this circumstance, the appropriation is an uncontrollable act, for Congress has no alternative but to fulfill the obligation. In the case of borrowing authority, the borrowed funds have the same impact on the Treasury and on fiscal policy as a direct expenditure. Often, borrowing authority is used for commercial-type operations and is in the form of a revolving fund. As a loan is repaid to the agency, its borrowing authority is restored by an equivalent amount.

Contract and borrowing authority are two of the main forms of backdoor spending. The term used for them in the bill is spending authority. Backdoor spending does not go through the regular appropriations process, and there is a tendency for Congress to increase backdoor authority above the amounts requested by the President while reducing regular appropriations below the President's budget.

Under the budget reform legislation, new contract and borrowing authority no longer would have the status of budget authority. That is, it no longer would be permitted to enter into obligations or to borrow pursuant to such authority. Rather, the authority would have to be provided in appropriations acts. The net effect, therefore, would be to change new contract and borrowing authority into conventional authorizing legislation, with funds available only to the extent provided in subsequent appropriations (section 401(a)).

This new procedure would not apply to existing contract or borrowing authority. Nor would it apply to certain exempted programs such as social security trusts, 90-percent self-financed trust funds, or Government corporations.

Entitlement authority: This is another type of backdoor spending in which Congress entitles a person or a government to certain benefits and the money must be provided either in subsequent appropriations or in permanent appropriations, that is budget authority which becomes available without current action by Congress. Even when entitlements are funded through the appropriations process, Congress must provide the money required for the entitlement. Thus, the last point at which an entitlement can be effectively controlled is before the entitlement is enacted. Well over \$100 billion of uncontrollable spending in the 1975 budget derives from mandatory entitlements.

The budget control bill establishes a variety of procedures for new entitlement legislation. First, such legislation may not be considered prior to adoption of the first budget resolution, section 303. The purpose is to enable Congress to determine entitlements in the light of its overall budget policy. Second, a new entitlement cannot take effect before the start of the next fiscal year, section 401(b)(1). The objective is to enable Congress to reconsider the level of entitlements in its second budget resolution and in a subsequent reconciliation process, section 310.

Third, entitlement bills as well as omnibus social security legislation may be considered even if they have been reported after the May 15 deadline for the reporting of authorizing legislation, section 402(e). Inasmuch as they may not be considered on the floor prior to May 15, it would be inappropriate to apply the May 15 reporting deadline to them. In the case of social security programs, the deadline is waived to allow consideration in the same omnibus bill of closely related programs.

Fourth, if it exceeds the relevant allocation in the budget resolution, an entitlement bill is to be referred to the Appropriations Committee, with a 15-day limit. The Appropriations Committee can report the entitlement with an amendment limiting the amount of new authority provided by it. Thus, unless it is within the budget resolution figure, an entitlement bill will be subject to Appropriations review. This referral procedure does not apply to social security and 90-percent self-financed trusts or to Government corporations. The status of

general revenue sharing is to be determined in subsequent legislation.

VI

The final bill contains important provisions of interest to State and local governments. Most of these provisions were written by the Government Operations Committee, in coordination with organizations representing these governments, and they have been retained intact in conference. In addition, the bill contains the potential exemption for revenue sharing which was included in the bill by the Rules Committee. These provisions are:

First. Section 301(d)(7). This section provides that the report on the first concurrent resolution include "a statement of any significant changes in the proposed levels of Federal assistance to State and local governments." This provision was section 301(c)(5) of the Senate-passed bill.

Second. Section 303(b)(1). This section provides that bills providing "new budget authority which first becomes available in a fiscal year following the fiscal year to which the concurrent resolution applies" may be considered by both Houses before the concurrent resolution is adopted on May 15 each year. Jurisdiction over such bills is retained by the Appropriations Committees. This was section 303(b)(3) of the Senate-passed bill.

Third. Section 308(a)(1)(C). This section provides that whenever a committee of either House reports a bill providing new budget authority, but not continuing appropriations, the committee's report shall contain a statement, prepared after consultation with the CBO Director, detailing "the new budget authority, and budget outlays resulting therefrom, provided by that bill or resolution for financial assistance to State and local governments." This was section 308(a)(3) of the Senate-passed bill.

Fourth. Section 401(d)(2). This section provides that Congress, when reauthorizing the general revenue sharing program in 1976, may provide that the authorization bill need not be subject to funding through the Appropriations Committees. However, the provision does not exempt the revenue sharing act from coverage under title III: revenue sharing must be included in the first concurrent resolution and it is subject as well to the reconciliation process. Same section as in the Senate-passed bill.

Fifth. Title VIII, amendment to Section 203(d) of the Legislative Reorganization Act of 1970, page 37. This section provides that the OMB, cooperating with the CBO, GAO, and representatives of State and local governments, shall provide to such governments fiscal and program data necessary to help them determine accurately and timely the impact of Federal assistance on their budgets. Same section as in the Senate-passed bill.

V

Finally, Mr. President, I would like to call attention to the bill's provisions for openness. A very important element of this reform is to bring out into full public view congressional budget procedures that, by their complexity, tend to con-

fuse and obscure them from public understanding.

The bill contains at least three explicit provisions that will add measurably to public understanding. I have already alluded to one of them, that is the new visibility given to tax expenditures.

The second openness provision requires open operation of the Budget Committees themselves. Under the bill, the Senate Budget Committee must conduct all of its business in public unless it votes to close its meetings for one or several specific reasons. This is the first committee of the Senate to be under such a requirement. It is a forerunner, I am sure, of the procedures that we will soon apply to all Senate committees. Our own experience in the Government Operations Committee, which adopted an openness rule at the beginning of this Congress, has unquestionably shown that openness works.

The third provision is that the Congressional Budget Office make available to the public budget information that it obtains from the executive branch and other congressional agencies. These latter provisions were included in the bill at the suggestion of common cause.

However, there will be an even greater public information value in the budget bill as a result of the operation of the new procedures. The bill provides a new vote, or series of votes, on budget aggregates. For the first time the public can hold us accountable for our fiscal actions by monitoring out votes on the concurrent resolutions and the reconciliation measures. Will we set targets for ourselves only to exceed them? Or will we act with self-discipline and apply our self-created budgets to our actual spending actions. By creating a congressional budget process we enable the public to relate our spending and revenue-raising actions to their own family budget practices.

In conclusion, Mr. President, I should like to mention also the great contribution that the chairman of the Rules Committee, the Senator from Nevada (Mr. CANNON) has made. Without his help and the help of the ranking minority member on the Rules Committee, the Senator from Kentucky (Mr. COOK), we simply could not possibly have moved this legislation forward.

Although Senator Cook is necessarily absent today, I would like very much for the record to show that he has played an important role in the drafting of this most important legislation. As the ranking minority member of the Senate Rules and Administration Committee, he was a member of the House-Senate conference which drafted the report we are now considering, and he has approved and signed the report.

Although he will be unable to vote today, he has asked to be positioned in favor of the bill. His contribution has been invaluable, and he deserves our thanks.

I want to mention just a few members of our professional staffs for commendation. Allan Shick, senior specialist of the Library of Congress Congressional Research Service has made a crucial contribution to this bill. Our Senate legis-

lative counsel, Harry Littell, also merits special commendation for the skill and acuity with which he has, again and again, prepared the drafts of the bill in all the stages through which it has gone.

Other members of our staff deserve our appreciation. Alvin From, staff director of the Intergovernmental Relations Subcommittee, has played a very important role in fashioning this bill, as has Herbert Jasper, the general counsel of the Committee on Labor and Public Welfare, and Robert Smith, chief counsel of our own Government Operations Committee, and Bill Goodwin of the committee professional staff, with whom we have worked very closely.

The staff of the Committee on Rules and Administration, headed by its distinguished staff director, William McWhorter Cochrane, deserves special thanks. Under his direction and that of Joseph O'Leary, the committee minority counsel, and with the particular assistance of James Medill, Anthony Horney, John Coder, and Jack Sapp, the Rules Committee held hearings, redrafted, and reported S. 1541 in what must surely be considered record time for such an important and complex bill.

I want also to thank Robert Vastine, Minority Counsel of the Government Operations Committee, for his dedication to the objective of passing this extraordinarily important legislation. He has shown, through his tenacity, through his perseverance, through his sacrifice of personal life, really, this past year, a dedication which I think is symbolic of the staff, and many staffs of the U.S. Senate, and to him I am personally indebted, as are all members of the committee.

I also wish to thank Robert Wallace, who has served as consultant to the Government Operations Committee throughout our work on this bill. Mr. Wallace has just been made president of the Exchange National Bank of Chicago, and I know our chairman joins me, as he has commended Mr. Wallace on a number of occasions, in congratulating him on this very important new assignment and extending to him our best wishes. Certainly, no person out of private life could have contributed more substance on a more important piece of legislation of lasting value than in the present budget reform bill that is before the Senate.

I thank my distinguished colleague for yielding.

Mr. ERVIN. Mr. President, in addition to the Senators whom I have heretofore mentioned in connection with their contributions to this legislation, I would like to mention Senators JACKSON, RIBICOFF, and ALLEN, of the Government Operations Committee, and Senators CANNON, ROBERT C. BYRD, and COOK, of the Committee on Rules and Administration.

The Senator from Alabama (Mr. ALLEN) made a great contribution because he happened to have been a member of both the Government Operations Committee and the Committee on Rules and Administration, and he deserves the thanks of us all for his efforts.

CONTROLLING IMPOUNDMENTS

Mr. HUMPHREY. Mr. President, the Senate is indebted to the work performed

by the senior Senator from North Carolina and his colleagues. Their efforts on the budget reform bill are to be commended.

I am particularly interested in the provisions of title X dealing with impoundment control. Does the Senator believe that the information submitted by the President, in the form of special messages and monthly reports, will be adequate for congressional review and action?

Mr. ERVIN. The Senator from Minnesota puts his finger on an essential aspect of impoundment control: the quality of reporting by the executive branch. He is author of the Federal Impoundment and Information Act of 1972. Ever since the passage of that act he has been active in monitoring the timeliness and substance of OMB impoundment reports. He has been disappointed with their quality. So have I, and criticism has come from many other quarters. When the Senate Committee on Government Operations reported out S. 373, the impoundment control bill, it raised a number of objections as to the incompleteness and lack of clarity on OMB impoundment reports.

I think I can assure the Senator that the budget reform bill contains incentives for better reporting. If the President wants our support for a proposed rescission or deferral, he will have to document his case and thoroughly set forth the reasons. If his reports are inadequate, he simply will not have the support of Congress.

Mr. HUMPHREY. To the extent that he needs our support, I agree that this bill contains incentives for better reporting. But there are three types of reports: two special messages—one for rescission and one for deferral—and a monthly report. I think the incentives are different for each. The incentive would be highest for a rescission special message, because there he needs the support of both Houses within 45 days. It is probably a little lower for a deferral special message, which allows an impoundment to continue unless disapproved by one House. There the burden is on Congress to overturn a proposal. I think the incentive is at its lowest ebb on the monthly reports. I am particularly concerned that those reports may come to resemble what we now receive on a quarterly basis.

But let me first ask a general question. Does the Senator agree that reporting must be of the highest quality when impoundments are of the policy variety, whether they appear in a rescission special message, a deferral special message, or a monthly report?

Mr. ERVIN. The Senator is correct. If funds are held in reserve for routine purposes—pursuant to the Antideficiency Act or in response to some other specific legislative authority—extensive reporting is not necessary. But the quality of reports for policy impoundments must be of the highest order.

Mr. HUMPHREY. Does the Senator agree that while no precise definition exists for policy impoundment, we can agree upon certain general understandings?

Mr. ERVIN. The Senator is absolutely

correct. When OMB first supplied us with voluntary impoundments reports, back in 1971 and 1972, they distinguished between routine and nonroutine impoundments. But that distinction was not used in implementing the Federal Impoundment and Information Act. Every action, whether routine or policy, was mixed together in one report.

I think the concept of a policy impoundment is reasonably clear. If the President proposed to terminate a program, that is certainly a policy action. He seeks to undo through impoundment what we have achieved through legislation. Policy is also involved when the President seeks to curtail a program as part of his anti-inflation efforts. Why did he single out that program among all others? That, too, is a policy action.

Mr. HUMPHREY. There is no doubt about either of those categories. I think policy impoundments also include situations where the administration seeks to restrict a program to the level requested in the President's budget. He then impounds any additional amounts provided by Congress. For example, in fiscal 1971 the President impounded all of the additional money for public works. He proceeded to administer only public works projects that had been included in his budget, completely ignoring all of the extra funds and projects voted on by Congress. Moreover, in fiscal 1973 we had problems with continuing resolutions covering Labor-HEW programs. The President restricted health and education programs to the levels of his budget request, even though higher levels had been voted on by the House or Senate. Many of those impoundment actions reached the Federal courts, and in every single instance the courts held that the President should have administered the programs at the higher congressional levels. So this is another area of policy impoundment.

Mr. ERVIN. Those examples help to illustrate what we mean by policy impoundment. I think we can generalize by saying that a policy impoundment is an instrument used to pursue the administration's goals at the expense of those enacted by Congress.

Mr. HUMPHREY. That is it in a nutshell. A policy impoundment occurs when the administration opposes the scope or design of a program enacted and funded by Congress. Under those types of situations, and the ones we have described, the monthly reports and special messages must delineate with considerable detail the reasons for withholding budget authority.

Mr. ERVIN. The Senator is correct. We expect a full and complete disclosure of the administration's position for proposing a policy impoundment. No generalized codes will do. That is not an unreasonable request. I doubt if there are more than a few dozen policy impoundment actions a year. The reports and special messages should give them special treatment.

Mr. HUMPHREY. It makes no sense to have a Member plow through a report containing hundreds and hundreds of routine impoundments in order to locate a few significant items.

Mr. ERVIN. No; we should not have

to do that. Unless policy actions are highlighted and given individual attention, perhaps by being set aside in a separate section, reporting becomes deceptive and confusing.

Mr. HUMPHREY. A mediocre and incomplete handling of policy impoundments can be disguised or obscured by adding a multitude of detail on routine, insignificant actions. That type of puffed-up report is not useful to us.

Mr. ERVIN. I have found that to be the case. The quarterly impoundment reports now submitted to Congress have not been helpful for congressional action. The body of the report is limited to the technical concept of budgetary reserves, which is not what you requested in the Federal Impoundment and Information Act. The reports appear to be organized and structured for the convenience of executive officials rather than for the convenience of Congress. Commonsense and good-faith efforts would have produced a more useful report for us.

Mr. HUMPHREY. And for the public also. Impoundment reports must be comprehensible to them as well.

Mr. ERVIN. That is right. It is their money. The programs are being enacted and implemented for the public.

Mr. HUMPHREY. I am glad to hear that from the senior Senator from North Carolina. We are setting up a structure of decisionmaking on impoundment, to be shared by both branches. Good-faith efforts and openness are crucial for that kind of structure. If the Executive thinks funds should be rescinded or deferred, let him state the case publicly and openly. Let him argue his case and give reasons. If they are sound and persuasive, I am confident that Congress will support him. We do not want to waste public funds. But a full justification is his responsibility. We should not have to dig around, make calls to agencies, hold hearings, and wade through unfocused and confusing impoundment reports to find out why a program or activity is scheduled to be curtailed or terminated.

Let me ask a final question about the reports required by this budget reform bill. For either special message, the President must report—to the maximum extent practicable—the estimated fiscal, economic, and budgetary effect of the proposed rescission or deferral. The same requirement appears in the Federal Impoundment and Information Act. Is the Senator satisfied with the way that OMB has implemented that portion of the act?

Mr. ERVIN. Do you mean by the use of codes?

Mr. HUMPHREY. That is correct.

Mr. ERVIN. I do not think that the codes are responsive to the act. They are too generalized and obscure. For example, the most frequently used code, which is code I, reads as follows:

Same effect as set forth in the most recently submitted budget document, of which this item is an integral part.

What is Congress or the public supposed to make of that? It says, in essence: "Go to the budget and try to find it there." None of the other codes used for estimated fiscal, economic, and budgetary effects are sufficiently useful or comprehensive to include in an im-

poundment report. Particularly when it comes to the policy impoundments, we expect specialized treatment for each action. They should state, with narrative and statistics, the estimated fiscal, economic, and budgetary effects for proposed recessions and deferrals.

Mr. HUMPHREY. I thank the Senator for that clarification.

Mr. ERVIN. Mr. President, I would like to add one further word. I had hoped this bill would contain a provision providing for the salary of the Director of the Congressional Budget Office equally between the Senate and the House. Representative RICHARD BOLLING, who has done yeoman work on this legislation in the House, had agreed on that being done, but, unfortunately, under the House rules, after the conference report had been approved by the conference, it was not possible to get that done.

The provision in this bill would provide that appropriation reports for this new Budget Commission and also for the Congressional Budget Office shall be made in the legislative appropriation. The present bill provides, in section 201, subsection (f), that until an appropriation is made, the operating funds be paid out of the Contingency Fund of the Senate.

The Senator from Maine (Mr. MUSKIE) yesterday engaged in a colloquy with the Senator from South Carolina (Mr. HOLLINGS), who always handles for the Appropriations Committee the Legislative Appropriation bill, in which the Senator from South Carolina promised that this matter would be handled in a supplemental bill.

For that reason, we can look forward to the time when the matter of finances can be satisfactorily adjusted between the Senate and the House, and at that time we can get an appropriation providing for this particular salary as between the two Houses.

One other member of the committee who did a great deal of work on this bill is the Senator from Georgia (Mr. NUNN), and I think he would like to make a few remarks at this time.

Mr. NUNN. Mr. President, I thank the distinguished Senator from North Carolina for allowing me time for a few brief comments on what I think is a very significant development in the presentation of this final conference report in the Senate.

First, I want to compliment the staff of the committees for their excellent work, both of the Government Operations Committee and the Rules Committee, which also considered this legislation after the Government Operations Committee approved this bill. I want to thank a young man who did a lot for me, on my personal staff, as we worked on this bill. He has been a member of the Government Operations Committee for some time, Mr. Nick Bizony, who was one of the most knowledgeable staff members, and certainly rendered considerable service to me on the committee.

Also, I want to commend the director of the staff of the Government Operations Committee, Mr. Bob Smith, who did so much to guide the efforts on the bill. He not only directed the staff generally

in the Government Operations Committee, but also made it a top priority item and helped guide it through the Senate and the conference.

Mr. President, I am most gratified that today, after some 15 months or more of major efforts in both Houses, we will be casting the final vote on what I believe is one of the most significant pieces of legislation to come out of Congress in a good many years.

The efforts of the Subcommittee on Budget and Accounting in the Senate really, I do not think, can be overemphasized. The Senator from Montana (Mr. METCALF) did a yeoman's job in coordinating, in pushing, in reconciling the varying views so that the subcommittee could finally present its bill to the full Committee on Government Operations. There were many strong disagreements within the subcommittee, and the Senator from Montana (Mr. METCALF) himself took very strong positions, as did I and other Members. However, after the decision was made, he, as chairman of the subcommittee, was primarily responsible for reconciling the views and getting us back on track, keeping in mind that the overall objective was budget reform.

The Senator from Maine (Mr. MUSKIE) did outstanding work. I do not know of anyone who contributed more of his time, effort, and substance. A great deal of this legislation is the result of those efforts.

Also, I would like to say exactly the same thing regarding the Senator from Illinois (Mr. PERCY). He spent hundreds of long hours—he and his staff—in their efforts, and the overall goal was never lost sight of. So much of the substance of this legislation is directly a result of his input.

Also, the Senator from North Carolina's part in this endeavor cannot be overemphasized. Once the bill reached the full committee, we would never have been able to get it passed here on the floor, without his continuing leadership and effort. Without the lending of his great prestige, and his making it a top priority item for Congress, we would not have this historic legislation before us today. So his role will certainly be remembered.

Senator ERVIN, I contend, will be remembered for years to come not alone for his efforts in the investigation that has taken place in this country for the last 18 months, but I predict that, historically, this bill, which he has guided through the Senate, which he has commanded through conference, will go down as one of his foremost contributions to the United States of America and to this body. I do not think it will be forgotten in the annals of history, nor will his efforts in this regard.

The Senator from Kentucky (Mr. HUDDLESTON) also made great contributions, as did Senators BROCK, ROY, and CHILES.

We have before us the conference report on H.R. 7130, perhaps better known here as S. 1541, now called the Congressional Budget and Impoundment Control Act of 1974. I feel that the conferees have done an excellent job, combining, in

most instances, the best features of the measures passed in each House, and presenting us with a meaningful, practical, and realistic mechanism for responsible exercise of the most basic congressional power: the power of the purse.

I am particularly pleased that the measure recommended by the conferees retains the prohibition which I proposed on the floor against spending, revenue and debt action until after adoption of the first concurrent budget resolution each year. We must have a comprehensive plan before we take action that would affect either the debt, the revenue or the spending of our Nation. Having this overall plan first is absolutely vital to the very concepts of budgetary control.

I am also pleased that the conferees retained the basic structure of the measure as passed by this Chamber with respect to control of what are often loosely called "trust fund" or "self-financing" programs. The report recommends, as the Senate bill provided, that certain safeguards of the budget control system shall be relaxed only with respect to programs that are truly 90 percent or more self-supporting. Some earlier versions of this legislation left a loophole in this area that I, for one, found most dangerous. My Senate colleagues agreed with me and adopted my floor amendment to close this loophole.

I do feel constrained not to leave the subject without pointing out a potential pitfall or two because I do not think that even this bill today which has, I think, the very best efforts of what we are able to put together now as the final product, is going to be enough to really come to grips with fiscal responsibility in this country.

I believe that this is the beginning. I believe that this is the foundation, a very good foundation; but I believe in the future we will have to build on this foundation. In my estimation, we will have to tighten to some degree some of the procedures as we move along to insure that our overall purposes are compiled with.

I do think the conferees diluted to some extent several of the requirements that we had here in the Senate relating to the comprehensive nature of the budget resolution. But, I am glad that they did put in a provision which allows the budget committee to make the first concurrent resolution more comprehensive in the sound discretion of the committee. I believe that the committee, perhaps not the first year but as we move along, will use that sound discretion in making that resolution even more comprehensive than is absolutely mandated under the final report.

I also continue to believe, Mr. President, that at some point we are going to have to come to grips with the so-called triggering provision. I do not quarrel with those who feel that it is a step that goes beyond what we should do at this time. I, perhaps, am also of that opinion now, although I have consistently maintained that at some point we are going to have to have a triggering process which is necessary for full control. Hopefully, we will not lose sight of this and, particularly, I hope that the Budget Committee does not lose sight of

this, as a possible option as we proceed, as we experiment, and as we try to develop a final process which will indeed be satisfactory in the overall fiscal discipline.

Despite one or two misgivings, however, I am generally optimistic about the product. It embodies a system which will spotlight our fiscal and economic actions and which clearly delineates our priority choices.

One thing that we have done throughout this entire bill and its development, those on the liberal side, those on the conservative side, and those in between have tried to create a neutral mechanism that does not reflect the political preferences toward spending of any particular philosophy, whether it be liberal or conservative. We have sought to develop a neutral mechanism on which this body can work its will each year. I am sure that the reflection and the final product of the spending each year will vary, depending on what the Senate chooses, whether it be a program geared more to domestic spending, to foreign spending or to military spending.

We have the best possible example of a neutral mechanism that we could presently devise here before us today, and I hope, the Senate will give final approval to this measure.

I believe that people of every persuasion who worked on this legislation, all Senators particularly with whom I am familiar, agree that it should be a neutral mechanism. No one here today contends it is going to in any way insure spending in one arena or another, whether it be in the national security area or whether it be in our domestic needs.

The American people who are concerned with continuing deficits, with rampant inflation, and with fiscal irresponsibility will now have a focal point on which they can make their voices be heard and on which their philosophy can be reflected.

I believe the system is workable. That is not to say that I believe it will work automatically. Like any rule or procedure that we impose on ourselves it is we here in the Senate and also in the House who must make it work.

Our task is far from complete, but I am confident that we will carry it through. The measure before us today gives us a long needed tool to help accomplish this budgetary discipline which is so important to our Nation.

Mr. MUSKIE. Mr. President, would the Senator yield?

Mr. NUNN. I will be glad to yield to the Senator from Maine.

Mr. MUSKIE. Mr. President, I would like to take this opportunity to commend the distinguished junior Senator from Georgia for his contribution in the development of the bill that is before us.

He was a member of Senator METCALF's subcommittee. I was privileged to be a member as well. The distinguished Senator and I did not always agree in our votes on this measure as it developed in the subcommittee. But I must say that I was impressed with his ability to grasp the complexities of the problem, to deal with them, to develop viable ideas for

resolving them and then, with the qualities of character and personality that enabled him to work amicably with those of us who disagreed with him. I think it was a very interesting exercise.

I was especially pleased on a personal basis with the column that appeared in this morning's Washington Post by Stephen S. Rosenfeld entitled "Senator Nunn's NATO Maneuver."

I think that Mr. Rosenfeld did an excellent job in capturing the essence of the distinguished Senator's abilities that he has demonstrated in the Committee on Armed Services and on the floor of the Senate.

I ask unanimous consent, Mr. President, that this article be included in the Record at this point with my comments.

There being no objection, the newspaper article was ordered to be printed in the Record, as follows:

SENATOR NUNN'S NATO MANEUVER

(By Stephen S. Rosenfeld)

Sam Nunn (D-Ga.), 35 years old, not 20 months a United States Senator, saved NATO the other day. His was as solid and deft a parliamentary performance in the national security area as the Congress has seen in years, belying the common notion that a legislator must have seniority or "power" to get something important done.

What Nunn did was to block—and rechannel—a campaign led by Senate Majority Leader Mike Mansfield (D-Mont.) to demobilize 125,000 men out of American ground forces overseas. This was the 1974 model of the now-traditional "Mansfield Amendment" to enact unilateral troop cuts in Europe.

Anticipating this campaign, Armed Services Chairman John C. Stennis (D-Miss.) last February sent the member he has called "last but not least" on his committee, on a study mission to Europe. Nunn, a great-nephew and once a staff aide of the late House Armed Services Chairman Carl Vinson (D-Ga.), occupies the Senate seat—and the Armed Services seat—of the late Richard Russell (D-Ga.). "We have military bases in Georgia," Nunn explains. "People in the South are much more tuned to a military and patriotic spirit than some of the other sections."

A lawyer and four-year state legislator, Nunn recalls putting in 100 hours preparing for his European trip—"getting through the first layer of propaganda." His report, "Policy, Troops and the NATO Alliance," though covering an oft-plowed field, nonetheless startled specialists with its freshness and command.

Nunn thinks the Mansfield Amendment approach could produce results—lowering the nuclear threshold, undermining the force-reduction talks—that the country wouldn't like. He concluded his report with a call for the administration and Congress to find together "a long-range NATO stance that we are willing to live with, politically, economically and militarily."

In pursuit of just such a joint long-term stance, Nunn then wrote three amendments to the basic military procurement bill.

Nunn had already, last year, joined with Sen. Henry Jackson (D-Wash.), an acknowledged expert at legislating policy by amendments, to sponsor an amendment requiring the NATO allies to pick up a greater share of the cost of maintaining U.S. troops in Europe or to face a reduction in U.S. troop commitments. That amendment, almost everyone agrees, has been extremely effective, where years of State Department entreaties had not.

The three new amendments were designed to provide a constructive alternative to Mansfield, one answering to the same world-weariness and the same felt need to update

June 21, 1974

American policy but doing so in a way that would not upset negotiations with the Russians or unduly alarm the Allies.

One amendment makes it the sense of Congress that NATO support units (the Alliance's notoriously long "tail") be cut by 20 per cent in two years, the men to be replaced—if the administration chooses—by combat soldiers ("teeth").

The second requires the Pentagon for the first time to justify the numbers and purposes of the outsized and unplanned U.S. force of 7000 "tactical" nuclear warheads in Europe. Sen. Stuart Symington (D-Mo.) had investigated this matter during the year but it took Nunn with his non-threatening Southern manner to move into it legislatively.

The third amendment compels the Pentagon to report on what it's doing to reduce the costs and the loss of combat effectiveness stemming from failure to standardize NATO equipment.

Politically, these amendments have a broad appeal, promising more military efficiency to defense conservatives and greater civilian control and lower costs to defense liberals. Ideologically, they are neutral. The Armed Services Committee endorsed them unanimously, though House conferees' approval remains uncertain.

In the Senate debate on the Mansfield Amendment the other day, Nunn, who is a pleasant-looking soft-spoken fellow with a drawl, stood right up to the Majority Leader. He was well prepared. He had a folksy Georgia story about a preacher ready for a change of pace. Quite firmly, he managed to steer the whole debate away from the controversial ground of whether in general the United States should be doing more or less, into the smoother area of how specifically we ought to proceed. And, in a word, he won.

When I talked with Nunn about this a few days later he was sure, but self-effacing, pleased with his success while intent on saying nothing that could give umbrage to his Senate brethren. He is not one for debates on great issues. He thinks national security debates can and should be waged on the basis of what is "effective and sensible." You must be armed with a good bit of background to get down to the quick," he added.

What will Nunn be looking into next? His chairman Stennis wants him to get into personnel, he said—it takes 57 per cent, by some counts 67 per cent, of the military budget. I found myself thinking: Go, Sam, we're watching.

Mr. MUSKIE. Mr. President, the Senator has now impressed me with respect to his work on the budget bill and with respect to his work in the Armed Services Committee, and I predict a promising future for him in the Senate.

Mr. NUNN. Mr. President, I thank my colleague and friend from Maine.

I will say many times during the course of this budgetary hearing, which took hundreds and hundreds of hours, and which received very little attention from either the public or the media for a long time, the Senator from Maine and I did disagree on occasion. Many times, however, I was persuaded by the fundamentally sound logic that my colleague from Maine displayed.

I will have to confess that sometimes I kept arguing even after I was convinced he was probably correct.

Mr. MUSKIE. It is a typical senatorial trait, I might say.

The PRESIDING OFFICER. Who yields time?

Mr. MANSFIELD. Mr. President, may I say to the distinguished Senator from

Maine and the distinguished Senator from Georgia that I had also intended to ask that the commentary which appeared in this morning's Washington Post entitled "Senator Nunn's NATO Maneuver," written by Stephen S. Rosenfeld, be printed in the Record, because I think it is a commendatory and worthwhile article, and I wish to join the distinguished Senator from Maine in all the kind words—and well deserved they were—which he had to say about the Senator from Georgia. I ask the Senator from Maine if he will allow me to have the privilege of joining with him in inserting this commentary in the Record.

Mr. MUSKIE. I am proud to have the Senator join me in that request.

Mr. NUNN. Mr. President, I think the majority leader, and I really would like to say in reply that I believe the majority leader has done as much as anyone I know to point out many of the real, legitimate frustrations that we in America have with our NATO allies. I believe the majority leader's work in this regard has contributed significantly to real movement within the alliance to address many of these legitimate grievances. I believe the alliance is moving now, and I believe much of that movement can be attributed to the efforts of the majority leader in pointing these problems out. Although we did not agree on the conclusion, we did agree on many of the frustrations. I look forward to the opportunity to continue to work with the majority leader, the Senator from Maine, and many others to move toward correcting many of these frustrations we do have in dealing with our NATO allies, because I think NATO remains an important part of our national security as well as the security of the NATO countries.

Mr. MANSFIELD. There will be a continuing effort, I assure the Senator.

Mr. President, I ask unanimous consent that the vote on the conference report occur immediately after the vote on the Wheat Convention.

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

Mr. MANSFIELD. Have the yeas and nays been ordered?

THE PRESIDING OFFICER. The yeas and nays have been ordered.

Who yields time?

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from South Dakota (Mr. McGOVERN), I yield 3 minutes to the Senator from Maine.

Mr. MUSKIE. Mr. President, I understand that while I was temporarily off the floor, there was some discussion about the makeup of the budget committees. I would like to endorse the view that the budget committees be as broadly based and representative as possible, and that we do not resort to the rule of seniority automatically to exclude from the committees younger members who have shown an interest in this legislation and who offer the qualities of character and ability to carry that responsibility.

I know that this was the sense of much of the discussion in the Committee on Government Operations as we considered the budget committees, and I simply wanted to make this point on the Senate

floor as we come to the closing moments of deliberation on this measure so that the record may be clear.

I thank the distinguished majority whip for yielding to me.

Mr. PACKWOOD. Mr. President, today, by joining in the House of Representatives' overwhelming approval of the conference report on the Congressional Budget and Impoundment Control Act of 1974, the Senate will finally take the long-awaited step to inject congressional discipline into the budget-making process. Finally, the Congress of the United States will have shown long-overdue initiative in fiscal responsibility. At last we are not merely reacting to intrusion or presidential encroachment, though lessons of the past have provided a compelling spur; instead we are methodically planning for the future. Congress is not delegating to the executive; we are not farcically parrying off advances from the White House. Rather, the legislative branch of the Government is constructively and positively reorganizing to deal with the hard decisions of fiscal policy that we as a body have shirked and shunted for too long.

Little more than 20 months ago the situation was reversed; then, the Senate was considering an increase in the public debt ceiling and placing a limitation on expenditures. More importantly, the bill also carried a provision which would have in effect granted the President an item veto over any appropriation.

Above and beyond any past vote, had this measure passed with its grant of fiscal discretion to the President it would have crippled Congress and given the Presidency unassailable power. Worse than the Tonkin Gulf Resolution, such a provision would have enabled the President to rule supreme, across-the-board, in foreign and domestic affairs.

Thankfully, this extraordinary power was not granted to the President. The time has come when Congress must seize the reigns of leadership and place this Nation back on the path of fiscal responsibility. Congress will never lead the Nation if it casts only a negative, defensive shadow, preventing Executive dictatorship but at the same time avoiding legislative leadership. It is a limbo of avoidance detrimental to this country's best interests. For if the Congress has lost its responsibility and sense of direction, the public will eventually lose, too.

The Congressional Budget and Impoundment Control Act of 1974 reconstitutes Congress proper role in budget formulation. By establishing a tight congressional budget timetable, by realigning the fiscal year, by creating House and Senate budget committees, and by creating a specialized Congressional Budget Office, we are providing the essential means for an effective legislative budget. Such action removes Congress from the budget policy dark ages, where we have softened from disuse over the years, and quite possibly might edge the budget nearer the black, which we have not witnessed in many a year of hardened deficit spending.

And so, Mr. President, I enthusiastically support the conference report with

only one cautionary thought. This legislation provides the necessary tools for reassertion of congressional budget formulation, and as I said earlier the first step is open to us, but the avenue ahead is long and steep. We have bemoaned the abdication of congressional prerogatives to the Executive in the past, and now with the promise of budget reform we must stick to our guns and we must have the resolve to follow through. It is high time we stopped the mere mouthing of outrage at fiscal irresponsibility. We must bite the fiscal bullet and forge ahead.

Mr. TOWER. Mr. President, I want to express my support for the conference report on the budget reform bill. This legislation establishes some rational mechanisms for the consideration of performing our constitutional duty with respect to the appropriations process. By enacting a definite time frame to consider overall spending limitations, the Congress will be achieving the first step on the road back to respectability.

Our greatest fault in the eyes of the American people has been the haphazard way in which we implement and modify the budget requests of the President. I firmly believe that the low standing given to the Congress in the opinion polls is due primarily to this inability to act responsibly on the Federal budget.

The conference report establishes a May 15 deadline for the consideration of authorization legislation. Consideration of authorizing legislation after that date could only occur upon the approval by the Senate of a waiver from the rule, and in the House after the Rules Committee adopted an emergency waiver. On February 5, I introduced Senate Resolution 275 which would have established a May 31 cutoff date for the consideration of authorization legislation. This resolution was a product of strong interest by the Republican Policy Committee in budget reform.

Title X establishes a mechanism to deal with the question of impoundment. While I believe the President was forced to initiate impoundments due to our inability to recognize our responsibility in keeping spending down, the procedure in the conference report is a reasonable one and in light of the questionable legality of the impoundment action up to this time, title X should result in a more balanced and rational resolution of these problems.

Mr. President, I applaud the work of those committees and their members who have worked so diligently on this legislation. The bill will prove to be of immense value to the Appropriations Committees which have been forced to fulfill their responsibilities under the most difficult circumstances. As a co-sponsor of the Senate version of this budget reform bill, I want to record my strong endorsement of this legislation. At the same time, we should all note that the legislation only establishes a procedural means to carry out our responsibilities. It will be up to each and every Member to work in a positive fashion to secure a policy of fiscal responsibility in the Congress.

Mr. HATFIELD. Mr. President, this

legislation is a cornerstone in efforts to restore public trust and confidence in Congress. It probably is the most important bill we have passed during this Congress.

The low estimation of Congress by the public stems in large part from a recognition by people that Congress is too haphazard in its taxing and spending policies. Meaningful budget reform legislation should install greater responsibility on Congress as a body to face up to our fiscal duties.

Provisions of the bill controlling the President's ability to impound appropriated funds also should help restore a better balance between the executive and legislative branches of Government.

I also want to pay tribute to the leadership role played by Oregon Congressman AL ULLMAN in shaping this legislation in the House of Representatives. I recall he was the chairman of the committee that studied this hydra headed problem, and he really gave a push to the final direction to the bill now before us. As a member of the Senate Rules Committee, I was involved in our committee's deliberations on this bill. I want to pay tribute to the Senators who worked hard at this difficult task of shaping the bill, and whose work helps Congress today take such an important step as we are doing in passing the budget reform bill.

Mr. CANNON. Mr. President, the Senate considers today the conference report on H.R. 7130, the Congressional Budget and Impoundment Control Act of 1974. The conference bill before you represents a compromise between the Senate's Congressional Budget Act of 1974, which passed the Senate unanimously on March 22, 1974, and the House of Representatives Budget and Impoundment Act of 1973, which overwhelmingly passed the House on December 5, 1973. I am pleased to report to you that this compromise conference bill retains the flexible and workable framework for a congressional budget process which was hammered out during the Rules and Administration Committee's deliberations with the other standing committees of the Senate, under the able leadership of Senator ROBERT C. BYRD, chairman of the Rules Committee's Subcommittee on Standard Rules of the Senate. The conference bill further provides a redrafted anti-impoundment title which is acceptable to both the Senate and House managers of the conference. Senator SAM ERVIN, who as chairman of the Senate Committee on Government Operations, has labored long and fruitfully on the whole issue of congressional budget reform, is to be commended again for his eloquent articulation of the sense of the Senate concerning the troublesome issue of Presidential impoundment funds for statutorily authorized Federal, State, and local programs.

Mr. President, I urge support on the part of all Members of the Senate for the passage of this important act. The people of the United States are presently looking to their elected representatives in the Congress for national direction and for more effective control of the Federal budget and the programs funded by

that budget—programs that affect every aspect of their, and our, daily lives. Upon passage of this conference bill, and its implementation over the next 2 years, the Congress will have a new opportunity to more effectively assert its vital constitutional role in directing the expenditures of our national resources toward a sound national economy, in providing a healthy and controlled rate of national growth, in curbing the inflation which robs us all of our hard-earned resources, in insuring a restoration of good employment levels, and, of great concern during the past several years, in the formulation of a Federal budget, balanced both to the needs of the people of this country, and to the proper level of Federal revenues. The accomplishment of these tasks will require the sincere commitment of each of us to the budget control report being considered today.

Mr. President, as chairman of the Senate Committee on Rules and Administration, I take great pride in the role played by that committee and its staff in the legislative development of this crucial bill. In addition, the Senators, Representatives, and staffs throughout the committees of both Houses are to be congratulated for the diligent and cooperative efforts which they displayed in bringing this measure to the point of enactment.

This has been a fine example of the Congress working at its best; and to be a successful step forward in the congressional control of the Federal budget process, more cooperative efforts of this magnitude will be required during the working out of the provisions in the congressional Budget and Impoundment Control Act of 1974.

Mr. PEFCY. Mr. President, the senior Senator from Ohio (Mr. TAFT), who is necessarily absent, has contributed importantly to the budget reform bill now before us. He has requested that I submit a statement for him. Accordingly, I ask unanimous consent to have his statement printed in the Record.

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

STATEMENT BY SENATOR TAFT

It gives me great pleasure to have before us for debate the conference report on the Congressional Budget and Impoundment Control Act of 1974. I believe that this legislation conceivably could become the most significant bill to be debated and passed by the 93d Congress. It is potentially one of the most important bills to come before us in years.

At this point I would like to express my appreciation to the conferees for carrying out their promise to reconsider section 606 of the Senate bill, in connection with my amendment to retain the off-budget status of the Federal Financing Bank. I note that this amendment in effect has been accepted. This assures that the Bank will carry out its designated function which will save the taxpayers many millions of dollars of interest expense.

The need for budget control legislation has long been obvious. No properly run business in the Nation considers each proposed expenditure piecemeal, independently of a careful assessment of total expenditure demands and revenues available. No properly run business with varying investment concerns fails to assess whether its investment in each concern relative to the rest reflects the priorities it deems most beneficial for its in-

terests. Yet, Congress has continued to operate our Government, in which our taxpayers have far more money invested than in any corporation, in a manner which allows expenditures to be agreed upon without consideration of either their effect upon the total budget picture or their relationship to Congress sense of national priorities.

The legislation before us would provide a structure for alleviating these problems. For the first time, it would provide a regular congressional framework for debating national priorities, rather than only the merits of individual proposals. It would also provide a procedure for consideration of overall revenue and expenditure levels and to some extent, the relationship of individual proposals to these levels and the priorities agreed upon.

I welcome in particular the bill's new controls on "backdoor spending," such as contract authority and "mandatory entitlement" bills. During the past 5 fiscal years, Congress has cut the administration's appropriations requests by about \$30 billion. However, during this same period, Congress approved in bills other than appropriation bills—or "backdoor spending"—amounts in excess of \$30 billion more than the administration's budget estimates.

I would be remiss if I did not mention my doubts about the mechanics of this bill. The proposed timetable for considering the budget is strict and I remain concerned about the early deadline for reporting of all legislation containing authorizations, as well as the expectation that all revenue, entitlement and "controllable" appropriations bills could be enacted in even the lengthened time period agreed upon by the conferees. The time periods between receipt by the Congressional Office on the Budget, of information from all authorizing committees; its report to Congress on the budget; and reporting of a resolution proposing appropriate budget levels by the budget committees, remain very short, while the period allowed near the end of the fiscal year for budget reconciliation measures may prove so short that it is unrealistic.

This bill is nevertheless a major first step toward more responsible congressional action on the budget. We must keep in mind, however, that it is only a first step. The intended effect of any procedures we set up, including these procedures, can be nullified or compromised, on any issue if the will is there to do so. Effective budget reform will follow this procedural reform only to the extent it is accompanied by increased "budget consciousness" by individual Congressmen and Senators, as reflected in the specific actions of future Congresses.

EMERGENCY FINANCING FOR LIVESTOCK PRODUCERS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 920, S. 3679, that it be made the pending business until the hour of 1:30 p.m. today, and that following the two votes, the Senate return to the consideration of S. 3679 if necessary.

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

The assistant legislative clerk read as follows:

A bill (S. 3679) to provide emergency financing for livestock producers.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill.

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

The PRESIDING OFFICER. On whose time?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time for the quorum call not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The third assistant legislative clerk proceeded to call the roll.

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

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

How much time does the Senator yield himself?

Mr. CURTIS. I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 10 minutes.

Mr. CURTIS. Mr. President, I support the bill that will provide some financing for our farmers who have suffered great losses in the cattle industry. As I have said, let me say that I wholeheartedly support the bill now before the Senate.

As the Washington Post stated in a June 19 editorial:

The fundamental equilibrium of American agriculture has been destroyed and the business of breeding and raising cattle for the market, never a safe enterprise, has suddenly become spectacularly risky.

Mr. President, I have never thought the editorial writers of that newspaper to be particularly perceptive. However, this sentence I have just read expresses very succinctly the plight of livestock producers today.

The editorial points out that the wild swings in prices the past year have turned the cattle business, and, I might add, the entire livestock and poultry industry, "into an intolerably dangerous speculation."

The bill now pending, Mr. President, will allow the most efficient producers of livestock to remain in business until the supply-demand situation comes back into line and prices stabilize.

The loan guarantee program provided in this bill will allow private lenders to make long-term loans to livestock producers in order to allow them to recover from the disastrous losses sustained during recent months. These loans will be made at the market rate of interest and only to individuals who depend primarily upon the receipts from agricultural production for their livelihood.

Mr. President, I understand the concerns of those who fear that adoption of this legislation will set a precedent. I would share their concern were it not for the fact that Government actions precipitated the destruction of fundamental equilibrium of the livestock industry.

The imposition of the 90-day freeze on meat prices last summer was the beginning of the end for many producers and will mean the bankruptcy of many others unless the pending bill is adopted.

The biological cycle has been discussed previously and the effect that any reduction in the number of breeding animals will have on the long-range supply of

beef, pork, poultry, milk and eggs. Credit must be available to allow producers to remain in business if we are to prevent shortages and higher prices in coming months.

Mr. President, I have always been an advocate of the free enterprise system and minimum Government interference in our economy. However, the Government did become involved in the economy in the form of price and wage controls. Under this circumstance, I do not believe it unreasonable for the Government to provide loan guarantees to those producers who have been driven to the wall as a result of this Government action.

Anyone who reads the newspapers or listens to radio and television has heard about the \$100 to \$200 per head losses on beef cattle sold in recent months. Agriculture and Forestry has revealed losses of more than \$600,000 in the past 6 months on one family farming operation in Nebraska.

As one producer has stated:

To sum it all up, it seems to me that as a result of much adverse publicity and public misunderstanding of the economic problems of the cattle industry, the people who have taken the required risks will end up losing their investments as will the banks that have thus far so generously backed them. In the end the public will be the losers because no one will be willing to risk their monetary and personal effort resources against such high odds. Would you?

Mr. President, S. 3679 is one way that the Government can assist producers and consumers with very little risk that the taxpayer will be required to pay a dime for some assurance that a plentiful supply of beef, pork, dairy products, poultry and eggs will remain available.

Mr. President, let me stress again that the primary factor in creating the disastrous situation in the cattle industry was the placing of price ceilings on beef. It was a mistake to put the ceilings on. It was a greater mistake for the Cost of Living Council to stubbornly hang on and hang on and refuse to remove those ceilings at a time when everyone knowledgeable about agriculture had told them it was a mistake.

This is one of the basic problems. There are other factors which have contributed to the losses sustained by our cattlemen.

The pending bill, as I have stated, is so written that its benefits will go to the people who are primarily engaged in agriculture and who depend upon agriculture for their living. It is not a bill to bail out the Wall Street farmer or any other investor who has invested in a cattle feeding enterprise. It is not a proposal intended to do that. As a matter of fact, there is a 10-fold limit on the amount of the loan. The amount of the loan is geared to past operations. It cannot exceed that. There is also a dollar limit of \$1 million. The bill I originally proposed had a limit of \$250,000. I would have no objection if this bill were reduced to \$500,000. It is not intended and will not bail out the nonfarmer investor in a feeding operation. And that is right.

A report has come to me that one feed-

ing operation in a State other than mine lost \$44 million. That operation was financed by sophisticated and knowledgeable people of, no doubt, great wealth; but it is in the interest of everyone, consumers, cattle feeders, ranchers everywhere, that the ordinarily stable agricultural production of cattle will go on. Is it in the interests of banks and all businesses on Main Street that this bill be passed.

Mr. President, I ask unanimous consent that the following staff members of the Committee on Agriculture and Forestry be permitted the privilege of the floor during debate and any votes on S. 3679: Forest W. Pece, Jr., C. M. Mouser, Henry Casso, and Carl P. Rose.

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

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

Mr. CURTIS. I am happy to yield. How much time does the Senator desire?

Mr. YOUNG. Three minutes or 4 minutes.

Mr. CURTIS. Mr. President, I yield the Senator 5 minutes.

Mr. YOUNG. Mr. President, this is a very important piece of legislation for the cattle producers as well as the consumers. Cattlemen, especially the feeders, are in deep financial trouble, to the extent that many of them will be going out of business unless they can get some financial assistance such as this bill would provide.

Many will cut down their operations, anyway. They will have to, because they have lost so much money. These loans will tend to keep more of them in business and give some assurance to consumers that they will have better supplies available to them in the future than would otherwise be possible without any legislation at all. These loans are at regular commercial rates.

Mr. President, I commend the Senator from Nebraska for a very fine statement. I join him in what he has said about this bill. It is a very important piece of legislation.

The PRESIDING OFFICER. Who yields time?

Mr. MANSFIELD. Mr. President, on behalf of the distinguished Senator from South Dakota (Mr. McGovern), the chairman of the subcommittee which held hearings, I yield 2 minutes to the Senator from South Dakota (Mr. ABOUREZK).

Mr. ABOUREZK. Mr. President, first, I congratulate my colleague from South Dakota, the senior Senator (Mr. McGovern), for the leadership he has taken on this issue, which is so critical not only to the people of South Dakota but also to all people throughout the country. If we can do anything to preserve the domestic livestock industry by way of providing credit so that they do not go under in this very serious time, we will have done a service not only for the livestock people, not only for the people of South Dakota themselves, but also for all consumers throughout the United States of America.

Mr. President, the reason why that particular statement is applicable, and importantly so, is that if the livestock

industry is allowed to go under because of a manipulation of prices, because of the serious defects in the market situation, in a year or two there may be a tremendous shortage of beef. If consumers think the prices of beef are high now, wait until there is a tremendous shortage, when people have culled their herds and have stopped producing beef. There will be a shortage. There will be a near monopoly situation, with just a few large feeders and packers controlling the situation, who will then charge as much as the traffic will bear, to say nothing of the increase in prices because of a shortage created as a result of what is happening in the livestock industry this year.

Mr. President, the majority of these people are small farmers and small ranchers. They do not deserve the economic treatment they are getting.

Therefore, I congratulate my senior colleague from South Dakota, the other members of the committee, and the people from agricultural States who have worked in this regard to try to preserve the livestock industry.

The PRESIDING OFFICER (Mr. MANSFIELD). The senior Senator from South Dakota is recognized.

(At this point, Mr. ABOUREZK assumed the Chair.)

Mr. MCGOVERN. Mr. President, I yield myself 5 minutes.

For a long time now, those of us who have a deep interest in agriculture have been aware of the fact that the great livestock sector of our agricultural plant was badly hurt economically.

I think that beginning roughly last October the collapse of livestock prices affecting cattle, hogs, poultry, and non-dairy products, has been one of the most painful and traumatic experiences that the livestock industry has known in many years.

The normal stability disappeared from this complex production and marketing operation due to a host of reasons.

These have been stated time and time again on the floor of this Senate. Suffice it to say, however, that the sales of hogs hitting the livestock sector have prevented a return to normalcy.

As a result, producers of livestock are faced with imminent disaster.

I had the privilege of chairing the hearings on the legislation that is now pending before us.

Hearings were held during January by the committee in Iowa. In March, additional hearings were held in Washington. And finally on Monday, June 17, 1974, my subcommittee held an emergency hearing on a loan guarantee program for the hard-hit livestock sector of our agricultural economy.

Four bills were before the committee, all with the same objective. S. 3597 introduced by Senator CURTIS and others; S. 3605 introduced by Senator MONTOYA and others; S. 3606 introduced by myself, Senator ABOUREZK, and others; and S. 3624 by Senator DOLE.

During the course of our subcommittee hearings we listened to the reactions with respect to these four proposals, and to other suggestions that were made by knowledgeable people in the field. Then the committee drafted a composite bill

which, I think, represents the best of these four measures to which I have referred.

During the course of the hearings, the committee heard dramatic testimony about the mounting losses experienced by all involved in producing livestock, dairy products, poultry, and eggs.

The subcommittee, therefore, resolved that immediate action be taken on the loan guarantee legislation pending before it. And on Wednesday, June 19, 1974, the full committee approved a bill, S. 3679, which is now before the Senate.

The bill being reported by the committee—

First. Establishes a temporary guaranteed loan program to assist bona fide farmers and ranchers—including operators of feedlots—who are primarily engaged in agricultural production for the purpose of breeding, raising, fattening, or marketing beef cattle, dairy cattle, swine, chickens, turkeys, or the products thereof.

Second. Requires the Secretary of Agriculture to guarantee up to 90 percent of loans made by any Federal or State chartered lending agency or other approved lender. The guarantee would be applicable to new loans and loans made to refinance existing indebtedness where absolutely essential in order for the farmer or rancher to remain in business.

Third. Provides that the borrower must be unable to obtain financing in the absence of the guarantee authorized by the bill.

Fourth. Provides that guaranteed loans must be repayable in not more than 7 years, but may be renewed for not more than 5 additional years.

Fifth. Provides that the interest rate under guaranteed loans shall be a rate to be agreed upon by the lender and borrower.

There is no subsidized interest rate in this legislation. One witness after another who testified said that they were not interested in a subsidy; they were simply interested in a formula being established, under which they could get emergency credit. They are willing to pay the going interest rate to pay off their loans. I think this legislation is absolutely essential toward that end.

The authority to guarantee loans would expire 1 year from the date of enactment of the bill. However, the program could be extended for an additional 6 months if the Secretary determined that continued guarantees were necessary.

It is particularly important to note that the bill contains no subsidies of any kind.

It is a straight guaranteed loan program with interest charges set at competitive open market rates.

Guarantees are up to 90 percent of the total loan and interest charges are at such rates as agreed to by lenders and borrowers.

Loans are to be made to bona fide farmers and ranchers, including the operators of feed lots, who are primarily engaged in the production of livestock, poultry and the products thereof. It is not the intent of the committee to pro-

Approved For Release 2000/08/27 : CIA-RDP75B00380R000600080003-9

6/24/74

Following buckslip was sent to
IC, Compt, OF, DDM&S, DDS&T,
DDI

House passed conference report on
H.R. 7130, Congressional Budget
Reform Act, by overruling vote.
Similar Senate action should follow,
clearing the measure for signing
into law.

Approved For Release 2000/08/27 : CIA-RDP75B00380R000600080003-9

June 18, 1974

CONGRESSIONAL RECORD — HOUSE

H 5179

gust adjournment. The conference agreement, because of other changes in the timetable dates, set the deadline on the seventh day after Labor Day, with provisions for a waiver of that deadline if necessary. Since the date finally agreed upon is not between the dates in the House and Senate passed versions, it can be argued that this new date is beyond the scope of conference. In order to avoid a problem, a waiver is recommended for this provision.

The third provision requiring a waiver is section 607 of the conference report which deals with year ahead requests for an authorization of new budget authority. No similar provision was in either the House or Senate bills.

The fourth provision requiring a waiver is title X. This title deals with the subject of impoundment. The conference agreement provides a specific procedure for the handling of rescission of budget authority. Such a procedure was contemplated under the Senate bill, however, it was not spelled out. The conference agreement specifies the procedure, and therefore, in order to be on the safe side, a waiver is recommended for this provision.

Mr. Speaker, I support the rule, so that the House may proceed to consider the conference report on the Congressional Budget and Impoundment Control Act, which in my judgment is one of the most important pieces of legislation that this body has considered in the last 50 years.

Mr. BOLLING. Mr. Speaker, I yield such time as he may consume to the gentleman from Mississippi (Mr. WHITTEN).

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Speaker, when this idea of having a congressional budget control first came up, and when it was authorized in legislation offered by my friend and colleague, the gentleman from Oregon (Mr. ULLMAN) and even later when we created the joint study committee, few believed we would ever reach the stage at which we arrive today.

We are ready to pass the Congressional and Impoundment Control Act. I anticipate that the vote will be practically unanimous.

Mr. Speaker, I take this time to congratulate the Committee on Rules, and particularly the gentleman from Missouri, Hon. Dick BOLLING, and our friend, the gentleman from Nebraska, Hon. Dave MARTIN for the wonderful job they have done in seeing through to a finish the views and viewpoints of the entire membership of the Congress.

I recall very vividly the first organizational meeting of the joint study committee of which I had the honor later to be named chairman, along with my friend and colleague, the gentleman from Oregon (Mr. ULLMAN).

From that time down to today there have been many, many meetings, and many differences of opinion expressed, but I think that the course we have followed, and the many general agreements reached at each successive stage is unique in the history of the Congress. I do not believe that there has been any substan-

tial disagreement on the necessity to get together for affirmative action, to set up a system to better provide for stability. On the joint study committee all 32 members were in agreement on the report. We were unanimous in introducing the first bill.

The bill, somewhat modified, came out of the Committee on Rules unanimously. This is particularly impressive considering the many diverse points of view, liberal, conservative, members from North and South, from East and West. Now we find these efforts brought together in the bill before us which I understand was reported back by the conferees unanimously.

To me this means that the conditions we face are so very apparent that everyone agrees we must take action. The bill before us is not all I would like it to be. I wish I could say it would get rid of the \$500 billion debt that we have. I wish I could say it would do away with deficit spending. I wish that it would result in cutting back a number of programs—and it may or it may not—but I believe that when there is this much unanimity in trying to reach our objective and that much agreement to bring us a bill that we have now, that this certainly speaks well for the general understanding of our financial condition and fiscal problems. It also speaks well for this committee in ironing out the differences with the other body, and in providing language that we all understand, language that will let us, as the Congress, and let the American people, who judge us as Congressmen, be aware each and every year of the money we have coming in and the money that is going out, so that we can vote with both eyes open, and attempt to hold the line.

I wish that we could make this retroactive, but we cannot undo many of the actions that have occurred in the past but every step provided for in this bill is a step in the right direction.

It is true that time may show that we need to improve this, or change that, but at least we are off to a good start.

I want to thank my colleagues, particularly those on the Committee on Rules, for ironing out the final draft with the other body, because Mr. Speaker, we end up with about 90 percent of what we started out with, and that is quite a large degree of success. Whatever its defect, I think that this action today marks the beginning of a new day.

Later in the discussion on the bill I shall go into more detail about the bill's provisions. I take this time again to thank all who have contributed. I believe we are going to find Congress itself is going to be practically unanimous in recognizing that we must take this step forward.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. CONABLE).

(Mr. CONABLE asked and was given permission to revise and extend his remarks.)

Mr. CONABLE. Mr. Speaker, I rise in strong support of this conference report and the rule that brings it to the floor. I do not expect this measure to be either the millennium or a panacea but a needed

discipline that will help us face up to our responsibilities as fiscal managers of the Government. I hope that the will to govern will follow the adoption of this measure and will be greatly enhanced by the discipline it provides. Unless we are willing to make these tough, priority-setting decisions of government from which we have shrunk in the past, no procedure of this sort will avail us. I am confident that its adoption today, however, will signal an improvement of our fiscal intentions.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. PETTIS).

(Mr. PETTIS asked and was given permission to revise and extend his remarks.)

Mr. PETTIS. Mr. Speaker, controversy over a budget-spending ceiling and Presidential impoundments during 1972 led to the creation of a Joint Committee on Budget Control to devise a mechanism for improving congressional controls over budget outlays and receipts. The recommendations of that committee were considered and modified by the House Rules Committee in the course of drafting H.R. 7130. The House bill created a 23-member Budget Committee to recommend annual budget outlays, revenue levels and other spending policies, and established a step-by-step procedure for consideration of the budget. The fiscal year was also moved up to October 1 and certain controls were placed on the use of impoundments.

H.R. 7130 passed the House by a vote of 386 to 23 on December 5, 1973, with one amendment extending by 10 days the lay-over period before a budget resolution could be considered on the floor. An amended version passed the Senate on March 22 and conference meetings were held on April 9 and June 5.

The measure agreed to by conferees retains many of the provisions of the House bill. The budget consideration procedures in the two versions were similar in many respects, but differed with respect to deadlines for completion of certain actions. The impoundment-control provisions are a synthesis of House and Senate bills.

I support this legislation because I believe it is our only hope for a balanced budget.

GENERAL LEAVE

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Resolution 171. I also ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report on the bill H.R. 7130.

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

There was no objection.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

H 5180

CONGRESSIONAL RECORD — HOUSE

June 18, 1974

PERMISSION FOR COMMITTEE ON RULES TO FILE PRIVILEGED REPORTS

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

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

There was no objection.

CONFERENCE REPORT ON H.R. 7130, CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

Mr. BOLLING. Mr. Speaker, I ask unanimous consent for the immediate consideration of the conference report on the bill (H.R. 7130) to improve congressional control over budgetary outlay and receipt totals, to provide for a Legislative Budget Office, to establish a procedure providing congressional control over the impoundment of funds by the executive branch, and for other purposes.

The Clerk read the title of the bill.

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

There was no objection.

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that the statement of the managers be read in lieu of the report.

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

There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of June 11, 1974.)

Mr. BOLLING (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement of the managers be dispensed with and that it be printed in the Record.

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

There was no objection.

The SPEAKER. The gentleman from Missouri (Mr. BOLLING) will be recognized for 30 minutes, and the gentleman from Nebraska (Mr. MARTIN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Missouri.

Mr. BOLLING. Mr. Speaker, rather than go into a lengthy, detailed explanation of this matter, I am going to do the same thing that I did when we first considered budget and impoundment control in December of last year in the House. I got unanimous consent for all Members to revise and extend their remarks. Under that general leave I am going to put in an outline of the salient features as the first item of my insertion, and then a statement which describes them in greater detail than does the outline. In effect, this gives to the Members an outline, a relatively brief statement, and then the statement of the managers, which is rather detailed.

Mr. Speaker, the outline and my statement follow:

OUTLINE

I. BUDGET COMMITTEES AND CONGRESSIONAL BUDGET OFFICE

23-member House Budget Committee, exactly as in House bill. Rotating membership with 5 each from Appropriations and Ways & Means; 2 from leaderships; and 11 at large.

Congressional Budget Office with Director appointed by Speaker and President pro tem with recommendations from Budget Committees. Director has 4-year term and can be removed by House or Senate.

Congressional Budget Office main responsibility to Budget Committees. Also to give very high priority to Appropriations and tax Committees. Assistance to all other committees and Members also provided.

2. TIMETABLE OF BUDGET PROCESS

Congress has to move to advance authorizations for process to work most effectively. Section 607 requires President to propose advance authorizations.

Current services budget by November 10 each year; no change in date for January submission of regular budget.

Each standing committee to give Budget Committee its view and recommendations on budget matters by March 15; CBO report to Budget Committees by April 1; first budget resolution reported by April 15.

May 15 adoption date for first budget resolution. Also deadline for committee reporting of authorizing legislation.

Regular consideration of appropriation bills completed by early September. Then second budget resolution and reconciliation actions.

3. BUDGET RESOLUTIONS AND RECONCILIATION PROCESS

Spring budget resolution is a target; Fall budget resolution is a ceiling. Congress can adopt additional budget resolutions, but all revenue and spending must be in accord with latest resolution.

Budget resolutions deal with macro-economic matters and broad functional allocations. More detailed spending information in committee reports. Procedure in bill for relating functional allocations to jurisdictions of committees and subcommittees.

Revenue, spending, debt, and entitlement legislation cannot be considered before first budget resolution. Doesn't apply to advance revenues and advance appropriations.

4. ENTITLEMENTS AND BACKDOOR SPENDING

Special procedures apply only to new backdoors. Do not apply to social security or to 90 percent self-financed trust funds. Status of general revenue sharing deferred to future legislation.

Contract and borrowing authority to be effective only as funding is provided in appropriations.

Entitlements to be referred to Appropriations Committee with opportunity for amendment (15-day time limit) prior to floor consideration. Applies only if entitlement is in excess of level in budget resolution.

Entitlements cannot be considered before adoption of first budget resolution and (except exempt ones) cannot become effective before start of next fiscal year.

5. IMPOUNDMENT CONTROL

Combines features of House and Senate bills to provide more effective and comprehensive controls.

Amends Antideficiency Act to eliminate its use for policy impoundments.

Rescissions proposed by President must terminate unless approved by both Houses of Congress within 45 days.

Deferrals proposed by President must cease if disapproved by either the House or Senate.

Monthly reports by President on Rescissions, Reserves and Deferrals plus reports by

Comptroller General if President has failed to report action.

Comptroller General suits to enforce congressional action, but with 25-day waiting period and notification of Speaker of House and President of the Senate.

STATEMENT

For more than a year, a succession of committees has worked to devise a congressional budget process that can restore meaningful spending control to the legislative branch. The effort began with the Joint Study Committee on Budget Control which was established in 1972 and issued its final report in April 1973. Although the Joint Study Committee set the overall framework for budget reform legislation, it provided a rigid and probably unworkable set of procedures. The Study Committee's plan did not contain any provision for taming the proclivities of the President to impound funds rightfully appropriated by Congress.

Following extensive hearings by the Rules Committee, the House passed an anti-impoundment bill in July 1973, and comprehensive budget and impoundment control legislation in December. After Senate action on companion legislation in March of this year, House and Senate conferees formulated an agreement which combines balanced and realistic budget reform and impoundment control into a cohesive and consistent budget process. I hope that this measure will be enacted and that its implementation will begin during this session of Congress.

These first steps have been difficult enough, but the hard part of budget reform is yet to begin. This legislation is only the beginning for it will not be an easy or painless task to weld the fragmentary spending procedures of Congress into a comprehensive and coordinated budget process. It will not be easy to adhere to the carefully tuned timetable fixed in this legislation. It will not be easy to resist the temptation for new forms of backdoor spending which evade our own appropriations machinery. It will not be easy to reconcile individual spending decisions with our overall budget determinations.

Yet I am convinced that the methods incorporated in this conference report can be made to work. They can return to Congress the power and responsibility of the purse. They can put end to illicit impoundments of appropriated funds without crippling the capability of the President to manage the federal bureaucracy. They can provide a mechanism for the determination of macro-economic policy by Congress and for the setting of appropriate budget levels in the light of current economic conditions.

No one can foretell exactly how the new congressional budget process will operate. It will require discipline and toughness to change the comfortable practices of the past. The pending enactment of this legislation offers encouragement that Congress is willing to make the effort. If this is true, effective congressional budget control soon will be a reality.

I do not consider it necessary to review every detail of this legislation. There is an ample legislative record and the conference agreement adheres in its important features to the legislation approved by the House last December. I will concentrate on the more salient and difficult portions of the bill and explain the major decisions made in conference.

BUDGET COMMITTEES AND STAFFS

Throughout the period that this legislation has been under consideration, there has been recognition of the need for new budget committees and for a congressional budget staff. The main issues have related to the composition of the committees and the responsibilities of the budget staff.

The conference agreement strictly adheres to the decisions voted by the House last De-

June 18, 1974

member concerning the composition of the House Committee on the Budget. This 23-member committee will draw (in accord with prescribed quotas) from the Appropriations and the Ways and Means Committees, the membership at large, and the majority and minority leaderships.

My initial preference was that the Budget Committees have no staff of their own but that they utilize the new budget office which would be chartered to serve both of these committees and to assist other committees and Members. The Senate conferees took the position that the Senate Budget Committee must be given the status of a regular standing committee in matters of staffing. Accordingly, it is appropriate that the House Budget Committee have a staff of its own.

The bill establishes a Congressional Budget Office with a Director appointed by the Speaker and the President pro tempore after considering the recommendations of the House and Senate Budget Committee. The conference agreements set forth the priorities which are to guide the Budget Office in its assistance to Committees and Members. The priority responsibility of the Budget Office must be to the two new Budget Committees whose function it will be to superintend the congressional budget process. Assistance to the Budget Committees shall include the development of budgetary information, analytic studies, assignment of personnel, and annual reports by the Budget Office to the Committees on fiscal policy and national budget priorities. The Managers' statement expresses the clear intent of this legislation that the Budget Committees have first claim on the resources of the new Budget Office.

Very high priority must be given to the two Appropriations Committees and to the House Ways and Means and Senate Finance Committees. The jurisdictions of these committees are closely related to the congressional budget process, and at the request of these committees, the Budget Office is to furnish information and staff assistance.

Assistance also is to be rendered to other congressional committees, primarily in the form of available information and Budget Office discretion to provide staff on a temporary basis. Finally, assistance may be given to Members with respect to available budget information.

The House conferees have been very determined to avoid the creation of a large and duplicate agency within Congress. Accordingly, the bill provides and the Managers' statement emphasizes that the Congressional Budget Office is to utilize the resources and capabilities of existing congressional agencies. It is anticipated that the Budget Office will coordinate its work with the GAO, the Library of Congress, and the Office of Technology Assessment.

TIMETABLE OF THE CONGRESSIONAL BUDGET PROCESS

Extended and careful consideration has been given to the formulation of a budget timetable that harmonizes the many different phases of the budget process. Questions of timing have proven to be among the most difficult and sensitive and it is with considerable satisfaction that I report an accommodation which will allow an adequate amount of time for each stage as well as completion of the process before the fiscal year starts.

Simply stated, the problem is that even with a shift in the start of the fiscal year to October 1, there is only a limited amount of time within which to complete the several stages of the budget process. Programs must be authorized; an initial budget resolution adopted; funds appropriated; and the final budget reconciliation approved. The various parts of the process are interdependent: appropriations cannot be voted until all relevant programs have been authorized;

the budget reconciliation cannot be completed until the spending bills have been approved. A delay at one stage of the process can prevent the successful completion of ensuing parts of the process.

I am convinced that the most sensible—and in the long run, necessary—solution would be the enactment of authorizing legislation in the year before the appropriations are made. If this were done, Congress would be able to proceed to early consideration of appropriation bills and the dismal practice of continuing resolutions would be ended. The conference bill moves in the direction of advance authorizations by requiring the President to submit requests for new authorizations in the calendar year prior to the one in which they are to take effect. The bill also calls for a study of the desirability and feasibility of advance appropriations.

To encourage the early commencement of the annual congressional budget process, the bill provides that by November 10 of each year, the President shall submit a current services budget to Congress—an estimate of the costs of continuing government programs during the next fiscal year without any policy changes. This "preliminary" estimate would be followed by submission of the regular budget in January, shortly after Congress convenes.

Standing committees of the House and Senate would have approximately two months—until March 15—to prepare their views and estimates on budget matters within their jurisdiction and to transmit these to the Budget Committees. The conference bill mandates these reports by standing committees in the expectation that the budget process will function more effectively if all relevant factors are known prior to adoption of the first budget resolution.

May 15 is set as the deadline for approval of this budget resolution. Prior to this date, Congress may not consider any spending, revenue, debt, or entitlement legislation (except for advance revenues and expenditures.) The ban against prior consideration of these bills will enhance the status and meaning of the first budget resolution. As it takes up individual entitlement, spending, or tax bills, Congress will be able to compare them to the targets fixed in its initial budget resolution.

May 15 also is the deadline for the reporting of authorizing legislation by committees. Beyond, this date, authorizations may be considered only through special waiver procedures in the House and the Senate.

The House bill provided a March 31 deadline for the enactment of authorizations. Because the lack of necessary authorizations is the leading cause of bottlenecks in the appropriations process, it would be best to impose a cutoff date on enactments. The Senate conferees, however, took the position that they could accept only a late deadline on the enactment of authorizations, perhaps one as late as June 30. I was concerned that a late date would be worse than no date at all. First, it would be logistically impossible to clear all appropriation bills in time if authorizations were deferred until a late date. Second, there is the real danger that a late deadline would become the norm and that Congress would slip into the tendency of considering major authorizations only shortly before the deadline.

A prudent course, therefore, was to set a reasonable deadline on the reporting of authorizations by committees in the expectation that floor consideration would be scheduled shortly after the committees had reported. Although the May 15 deadline is a compromise between those who would prefer an early completion of authorizations and those who would give the authorizing committee more time for their work, I believe it represents a workable solution to one of the most sensitive issues in this legislation. Moreover, the cutoff date for the reporting

of authorizations must be viewed in the light of my previous remarks that the preferred procedures would be advance authorization in the preceding year.

In the months following adoption of the first budget resolution and the authorizations, Congress will take up the various spending bills in the manner that it now does. The conference bill authorizes Congress to adopt optional procedures for appropriation bills, but this is a matter to be decided after the congressional budget process is in operation. If all authorizations have been enacted on a timely basis, it is contemplated that Congress will complete action on appropriations shortly after it returns from the Labor Day recess. This will allow approximately three weeks for adoption of a second budget resolution plus reconciliation measures to implement the congressional budget.

Obviously, this is a tight timetable and all parties will have to do their utmost to avert the fallback on continuing resolutions. But if the process is working properly, we can anticipate that the second budget resolution will be reported during the summer recess and that Congress will be in a position to wrap up the budget process before the start of the new fiscal year.

THE BUDGET RESOLUTIONS AND RECONCILIATION PROCESS

I am happy to report that the conference bill maintains the House concept of a budget resolution that is addressed primarily to broad issues of fiscal policy and budget priorities. Throughout the period that I have been involved with this legislation, I have advanced the proposition that the foremost responsibility of Congress must be the determination of macro-economic budget policy. Toward this end, the budget resolution deals primarily with overall budget aggregates: the total amounts of revenue, spending, and surplus or deficit. Within these totals, it is appropriate for Congress to give attention to broad spending issues, using the familiar functional categories in the budget. However, the budget resolution does not get into particular programs, agencies, appropriations, or projects. To do so would destroy the utility of the congressional budget process as an instrument for making national economic policy.

Yet I am sympathetic to the argument that Congress should be able to relate its overall budget decisions to its subsequent appropriations actions and to more specialized matters. The conference bill sensibly allows the amplification of background information in the committee reports accompanying the budget resolution. Thus while the resolution will be a concise and straightforward statement of the principal budget amounts, the committee reports will furnish information on new and continuing programs, permanent and regular appropriations, and controllable and other expenses. The bill also establishes a procedure for relating the functional allocations in the budget resolution to the spending legislation handled by congressional committees and subcommittees.

In brief, then, the budget reform legislation provides for a substantial amount of information in committee reports without diverting Congress from its central concern with overall budget levels and functional allocations.

The first budget resolution which (as previously noted) is to be adopted by May 15, will be in the form of a target. I am convinced that the ultimate effectiveness of the new budget process will depend in good part on the extent to which Congress utilizes these guidelines in considering subsequent spending and revenue legislation. Built into the new process will be various scorekeeping procedures to enable Congress to compare its spending decisions with the levels specified in the targeting resolution.

Firm budget decisions will be made in the

second budget resolution to be adopted before the start of the next fiscal year. In considering this ceiling resolution, Congress will have the benefit of updated budget figures and, most importantly, concrete knowledge of its previous actions on entitlement, and spending measures. Congress will be in a position to affirm these decisions or to set into motion a reconciliation process whereby spending, revenue, and debt legislation are adjusted in conformity with the second resolution. The reconciliation process thus will be able to reach any or all components of the budget and it will provide the context for establishment of a comprehensive and consistent budget policy.

After the second budget resolution and any required reconciliation have been adopted, all subsequent revenue and spending actions would not be able to violate the levels fixed in the resolution. Congress would have the option to adopt additional budget resolutions any time during the fiscal year, but it would not be able to violate the levels fixed in its latest budget decisions.

By combining flexibility and firmness in its new budget process, Congress strengthens the prospects that the process will work. As I stated when the House considered the legislation last December, the overriding objective of budget reform must be to make Congress informed about and responsible for its budget decisions, not to prevent Congress from implementing its will. The conference bill fully upholds this objective.

ENTITLEMENTS AND BACKDOOR SPENDING

Backdoor spending long has been the nemesis of effective spending control. By circumventing the appropriations process, Congress has debilitated its traditional and time tested procedure for maintaining its power of the purse. All of us are familiar with the statistics that show that year after year Congress appropriates less money than was requested by the President. But year after year, also, Congress authorizes backdoor spending above the amounts in the President's budget.

The time has come to close the backdoor. This simple imperative has been recognized by all who have been involved in the development of the budget control legislation. Ideally, we would close the backdoor to all programs which now benefit from special procedures outside of the appropriations process. The House bill would have ended all backdoors as of October, 1978, thereby allowing a transition period during which all programs would be returned to the appropriations process. The conference bill stops short of this absolute requirement and it recognizes that the new procedures can be most realistically applied to new programs.

The procedures themselves have been refined to distinguish between the various forms of backdoor spending. The House bill imposed the same requirement on contract, borrowing, and entitlement authority—the three types of backdoor spending. All such authority would have been effective only to the extent subsequently provided in appropriations.

The conference bill retains this procedure for contract and borrowing authority. In the future, both of these types of enactment would have the same status as ordinary authorizing legislation. The amount of funding will be determined through the regular appropriations process. The situation is somewhat different for entitlement legislation. As provided in the conference report, new entitlement legislation would be referred to the Appropriations Committee for its review prior to floor consideration. This procedure which would apply only to entitlements in excess of the allocations provided in the budget resolution would give the Appropriations Committee an opportunity to evaluate the fiscal impact of the entitlement and to report amendments scaling down the amount of entitlement authority.

Certain types of programs would be exempted from the new procedures for backdoor spending and entitlements. These include all social security trust funds and other funds which are 90 percent self financed. However, these latter types of funds would also be subject to the same controls in the new budget system as are applied to the appropriation bills. The transactions of government corporations would be excluded from the procedures while the status of revenue sharing would be left for future determination.

I consider the changes made in the treatment of entitlements an improvement over the original version. By their very character, entitlements can be controlled only before they are enacted. Even when entitlements are funded through the regular appropriations process—as they are for a number of programs—it is virtually impossible to control them at that stage. Once the entitlement has been tendered, the appropriation becomes a perfunctory act. Accordingly, the procedure adopted in the conference bill to subject entitlements to review by the Appropriations Committees before they have been enacted offers a more realistic opportunity for controlling them.

IMPOUNDMENT CONTROL

From the start I have held to the position that impoundment control is an essential component of budget reform. It makes no sense for Congress to establish new procedures for the appropriation of funds if the President can override the will of Congress by means of impoundment. At the same time, the methods used to control Presidential impoundments must be reasonable and appropriate. They should neither deny the President the capability to manage the executive branch nor impose upon Congress the burden of redoing its previous decisions. In line with this position, the House last year passed H.R. 8480 to provide for the veto of any impoundment by either the House or Senate and a similar provision was incorporated into H.R. 7130 when it was approved by the House last December.

I can report that the conference bill both upholds the position of the House and makes some worthwhile elaborations in the procedures of expenditure control. The bill addresses the various types of impoundments and provides appropriate procedures for each. First, it provides for disapproval by either the House or the Senate of Presidential proposals to defer the expenditure of funds. Analysis has shown that deferrals constitute the lion's share of impoundment actions and many of these are for routine financial purposes and involve neither questions of policy nor attempts to negate the will of Congress. In the case of deferrals, disapproval can be expressed by resolution of either the House or the Senate. Such disapproval will clearly instigate the view of Congress that the deferral is not merely a routine financial matter. When disapproved by either House or Senate, a deferral must cease at once.

A different situation is presented when the President proposes to rescind budget authority previously voted by Congress. In such instances, the President must submit a rescission message and unless approved by both the House and the Senate within 45 days, the rescission must cease and any withheld funds released. Inasmuch as a rescission represents the undoing of what Congress previously enacted, it is entirely appropriate that no rescission be authorized except by affirmative vote of both Houses.

The conference bill also amends the Anti-deficiency Act to clarify and limit the purposes for which funds may be reserved from apportionment. Such reserves may be established only to provide for contingencies, or because of savings secured through efficient operations or changes in requirements. When the President wishes to withhold funds for

policy purposes, he must propose a rescission rather than use the authority under the Anti-deficiency to establish budgetary reserves.

The conference bill also improves the procedures for special and cumulative reports on budgetary reserves, deferrals, and rescissions, and it assigns to the Comptroller General the role of reporting to Congress when the President has failed to submit a required impoundment message. In addition, the Comptroller General would be able to bring court action, after a 25 day waiting period and notification of the Speaker of the House and the President of the Senate, to enforce the new impoundment controls.

The budget legislation is a lengthy and complex matter. I have reviewed only its most salient features. It has taken a long time to bring this legislation to the brink of enactment. Improvements have been made at every stage. I commend this bill to the House as a practical and workable approach to budget reform.

Having inserted that matter, I propose to rather briefly outline the events that took place since the matter was before the House of Representatives in December. I have already gotten unanimous consent for all Members to revise and extend their remarks on the conference report as well as on the rule so that any Member who wishes to do so may use that privilege, but what I would like to do now is talk about what really happened.

The other body passed a rather substantially different version, at least as to length and as to variety of relatively minor matters on budget control. When we contemplated going to conference with that bill, which had passed the Senate unanimously, we realized that the great danger of failure probably would not come on the budget control items. There were a great many differences that had to be reconciled and of course they successfully were, but the dilemma that confronted us was a Senate position on impoundment which was virtually the exact opposite of the House position. We recognized that we must come to grips with that matter or we probably would lose the whole matter, both budget control and impoundment control.

Curiously enough we discovered the way in which to resolve that was a rather unusual way. We found at the first conference that we had 7 Members of the House as conferees and 14 Members of the other body as conferees. We realized there were a great many other Senators as well as other Members of the House who had a great interest, so what we tried to do in the initial conference was to make very clear what the conflicts were and then in subsequent conversations make very clear what kind of reconciliations seemed essential.

This is where the conference proceeded in a very unusual fashion and I think it is important that the House understand it. It is not too much to say that literally dozens of Members of the House, not only those who served on the Joint Study Committee but also many others were involved in every step of the way. I have never seen anything like the interest that Members expressed in this particular proposition. There was almost universal support.

The leadership of both sides was most

June 18, 1974

helpful to those of us who worked on this matter at every stage. As the gentleman from Oregon (Mr. ULLMAN) has already pointed out there was a tremendous input before it came to the Rules Committee. When it came to the Rules Committee there was great cooperation on both sides in resolving the problem in the initial stage as we tried to prepare legislation to bring to the floor in December, which we did, and to pass it, and there was a great deal of cooperation from all Members, including the cochairmen of the Joint Study Committee and the Committee on Ways and Means, including its chairman and the ranking minority member, and the same was true of the Committee on Appropriations. Many other committees and Members participated. The staff of the Joint Study Committee were most helpful. Certainly the staff of the Rules Committee on both sides, Democrat and Republican, were most helpful.

The committee staff's job under the supervision of the Members was to work out a reconciliation, and it was enormously difficult.

I know that the people I had the privilege of working with in that latter stage, in the period from March until now, prefer anonymity but I think this bill is so important that I would like to mention the five people whom I, as the manager of the House side of the conference, in addition to the members of the conference from the House, and in addition to all members of the Rules Committee, and in addition to members of the Joint Study Committee, I thought did such a remarkable job.

Now, each of them told me separately that they wished I would keep my mouth shut, that they preferred to be anonymous; but I am going to name five people without whom this matter would not be complete. They are all members of staffs of the House or of groups that support the House: Eugene Wilhelm was our chief negotiator. Many of us know him.

Bruce Meredith was of enormous assistance to us.

Laurence Filson from the legislative counsel's office was invaluable, as was Allen Schick from the Congressional Research.

Last, but by no means least, John Barriere of the Speaker's staff, the Democratic Steering Committee staff, was very helpful.

I think this matter is important enough so that Members should know that we could not have accomplished what we did without the hundreds of hours—not dozens of hours—that loyal staff members put in with careful supervision, with careful checking with members of the conference, to achieve this result. I cannot say enough, either for the Members of the House or for the staff that worked with the House Members primarily involved in a cooperative endeavor which resulted in a very remarkable experience for me. Just after the second conference—the conference only met twice—just after the second conference in which there was unanimous agreement between the House conferees and the Senate conferees, Senator ERVIN, who was the chief Senate con-

ferree, said in effect that he thought we had improved upon the bills, both the House bill and the Senate bill.

I feel that this bill, which follows the original version proposed by the Joint Study Committee, which is very like the version passed by the House, is an excellent bill, a bill that can work.

I would emphasize that it is only the beginning. The 20 months of work that bring us to this point is only the beginning. The effort that will have to go into making this design work, and it essentially follows the House approach with relatively minor modifications, to make this design work is going to be just as onerous, perhaps more onerous and more difficult, than coming up with the design; but we feel this is a workable product, one that can succeed. Whether it does succeed will depend almost entirely on the will of the Members of this House and of the other body in this Congress and in the next two Congresses. This can be a worthless endeavor unless we understand that it is the beginning, that this structure is one that can work and can be modified to work better; but unless we are determined to make it work, this will all turn out to be empty rhetoric, as was the rhetoric on this same subject back when the Reorganization Act of 1946 was passed.

I will be delighted to yield to Members if they wish later; but I reserve the balance of my time.

(Mr. MARTIN of Nebraska asked and was given permission to revise and extend his remarks.)

Mr. MARTIN of Nebraska. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I support this conference report, even though I do not agree with all the provisions in it. I support it because it will provide an improvement over the present congressional budget procedure.

Under our present procedure, each spending bill is considered by Congress as a separate entity and there is little assessment of relative priorities. One result is that by the time we add up the totals, the Congress has usually spent far more than it has taken in. The Nation is left with a large deficit which contributes to inflation, and leaves future generations of Americans with an ever-increasing debt burden.

This conference report establishes mechanisms to allow Congress to vote on the overall level of spending, the overall level of revenues, the overall level of deficit or surplus, and the overall level of debt.

In summary form, the procedures will operate as follows. Two new committees on the budget will be established, one in the House and one in the Senate. The Senate committee will have 15 members, the House committee, 23 members. A new Congressional Budget Office is established to provide a central point for coordinating the legislative budget. The Director of the Congressional Budget Office will be appointed for a 4-year term by the Speaker of the House and President pro tempore of the Senate, after recommendations by the Budget committees. The Director may be removed by either House.

Under this conference agreement, the fiscal year will begin on October 1. In addition, a number of dates are specified for completion of various stages in the budget process. The President will continue to submit his budget at the same time that he does under present law, that is, 15 days after Congress meets.

By March 15 other committees are to submit reports to the Budget Committees on budget matters within their jurisdictions. By April 1, the Congressional Budget Office is to report to Congress on national budget priorities. By April 15 the Budget Committees are to report an initial concurrent resolution on the budget, setting target levels for spending, revenues, deficit, or surplus, and debt. By May 15 all authorizing legislation is to be reported from committees and on the same date, Congress is to complete action on the initial budget resolution. By the seventh day after Labor Day, all appropriations bills are to be enacted into law. By September 15, action is to be completed on a second required concurrent budget resolution which will reaffirm or revise levels of spending, revenues, surplus or deficit, and debt established in earlier budget resolutions. This second required concurrent resolution may direct the appropriate committees to either raise taxes or the debt, or cut spending. By September 25, action on a reconciliation bill is to be completed. And, by October 1, the new fiscal year begins.

Mr. Speaker, I have several reservations about the workability of this budget timetable. First, this timetable does not even require authorizations to be reported from committee until May 15, and sets no specific deadline by which authorizations must be enacted. By way of comparison, the House-passed version of this bill provided that all authorizing legislation had to be enacted by March 31, with provisions for a waiver of this deadline if necessary. The Senate version had no deadline by which authorizing legislation had to be enacted. The conference agreement should have retained the House passed March 31 deadline for enactment of authorizations. By moving the deadline date for reporting authorizing legislation to May 15, and completely removing the deadline for enacting authorizations, the danger is that authorizations will be enacted too late to allow time for the appropriations process.

The result could be that the end of the fiscal year will arrive without all the necessary authorizations and appropriations having been enacted. Such a situation will make it almost impossible to do the kind of reconciliation process that is supposed to occur before the beginning of the new fiscal year. Mr. Speaker, during consideration of this bill on the House floor, an amendment was offered to move the deadline for authorizations from March 31 to July 1. This amendment was defeated by 106 to 300. The conference agreement should have reflected this House position.

Mr. Speaker, a second reservation which I have about this conference report concerns the date by which the President is required to submit his budget to the Congress.

Present law requires that the budget be submitted 15 days after Congress convenes, and this was the House position. However, the Senate version allowed the President to submit his budget up to February 15. This extra time is necessary because under this conference report, the previous fiscal year will end on September 30, instead of June 30. So the administration will have 3 months less to assemble the final figures from the preceding fiscal year and prepare careful budget estimates for the next fiscal year. This time squeeze will affect any administration—Democratic or Republican. In order to allow any administration time to prepare its new budget, the date for submitting the President's budget should have been moved to February 15.

In the conference meeting, I raised this problem, and there seemed to be agreement, that if the administration found it impossible to meet the current deadline for submitting the budget to Congress, some flexibility would be provided.

Mr. Speaker, in order to make legislative history, I would like to ask the chairman, the manager of the bill, as to his understanding on this point.

Mr. BOLLING. My understanding is precisely as stated by the gentleman from Nebraska as to what his understanding is. Several Senators made it clear, and I think some Members on our side, that any President making a request for additional time would surely be granted that additional time.

This is a matter that came up before in connection with some of the messages in the beginning of the year, and I think it would be inconceivable that there would be any serious difficulty in that respect.

Mr. MARTIN of Nebraska. Mr. Speaker, I thank the gentleman for his reply to my inquiry.

Mr. Speaker, the third item about which I have reservations is in section 309 of the conference report. This section includes a provision that the Congress complete action on all appropriation bills no later than the seventh day after Labor Day. However, this deadline does not apply to any appropriation bills whose consideration has been delayed because necessary authorization has not been timely enacted. Mr. Speaker, it is a mistake to exempt appropriation bills from this deadline, just because authorizing legislation has not been enacted. This is another place where the schedule is too loose. The deadline on appropriations should apply to all appropriations, with no exception.

In summary, Mr. Speaker, I do have reservations about this conference agreement, but I support it because it provides a mechanism by which Congress can play a more responsible role in the budget process.

If it is going to be successful, however—and I want to make this point very strongly—if this vehicle is going to be successful, it will require the work of the chairman and the complete cooperation of all the Members of the House and the other body, if this to work.

Mr. Speaker, I sincerely hope and trust that it will work as the committee has intended.

Mr. ROBISON of New York. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Nebraska. I yield to the gentleman from New York.

Mr. ROBISON of New York. Mr. Speaker, I rise in strong support of this legislation. Although I have certain reservations about it, which are either comparable to those the gentleman has mentioned or of some other nature, I agree with him that this is, at least potentially, landmark legislation.

I would like to congratulate the gentleman from Nebraska (Mr. MARTIN), the gentleman from Missouri (Mr. BOLLING), and all the other Members who have worked on this truly necessary piece of legislation in order to bring it to us today.

Mr. Speaker, I have one question that perhaps the gentleman from Nebraska could help me find the answer to: What will the impact of this legislation, or of this procedure once it is in place, be on the present Office of Management and Budget?

Is it the gentleman's judgment that the Office of Management and Budget will continue to carry a substantial workload, comparable to the workload it now has, or will that workload be reduced as a result of this new congressional procedure?

Mr. MARTIN of Nebraska. Mr. Speaker, in my judgment, I would say to the gentleman that OMB would still continue to carry the same workload that they carry at the present time. On the other hand, we would have a virile committee and an organization and staff up here in the legislative branch of the Government that would receive a great deal of information from OMB, as well as assistance and help, in the compiling of the legislative budget. I feel it would be necessary for both to continue to cooperate.

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

Mr. MARTIN of Nebraska. I yield to the gentleman from Michigan.

Mr. CEDERBERG. Mr. Speaker, it would seem to me that this legislation, at least initially, has to place an extra burden on the Office of Management and Budget, first, because of the change of the fiscal year. That is going to place some real problems before them initially. Once they get over that point, I can see that it will level out.

On the other hand, it is my understanding that all impoundments will have to be reported; is that correct?

Mr. MARTIN of Nebraska. The gentleman is correct.

Mr. CEDERBERG. So any impoundment would be reported, and the definition of "impoundment" can be very broad. So those reporting requirements are obviously going to put additional burdens on the Office of Management and Budget as long as that requirement exists.

Mr. MARTIN of Nebraska. The gentleman is exactly correct.

Mr. ROBISON of New York. Mr. Speaker, will the gentleman yield further?

Mr. MARTIN of Nebraska. I yield to the gentleman from New York.

Mr. ROBISON of New York. Mr. Speaker, the reason I brought this point up this afternoon is that, next week, if the schedule is not changed, the House will be considering the annual appropriation for the Office of Management and Budget. While we are acting here today in an objective and responsible fashion, I would hope—I will say to my friend, the gentleman in the well—that next week, when the House considers an amendment to drastically reduce the budget level and, therefore, the personnel level of the Office of Management and Budget, it would consider the impact of any such action on the workability and the effectiveness of these new congressional procedures.

Mr. Speaker, I thank the gentleman for yielding.

Mr. MARTIN of Nebraska. Mr. Speaker, I share the gentleman's views.

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

Mr. MARTIN of Nebraska. I yield to the gentleman from Florida.

(Mr. ROGERS asked and was given permission to revise and extend his remarks.)

Mr. ROGERS. Mr. Speaker, I wish to commend the gentleman from Missouri (Mr. BOLLING) and all the other Members who have contributed to bringing us to this stage.

Mr. MARTIN of Nebraska. Mr. Speaker, I thank the gentleman. I wish to express my strong support for the bill H.R. 7130, the Congressional Budget and Impoundment Control Act of 1974, as reported from conference. I would only observe that this legislation, which would work fundamental changes in the process by which Congress makes its spending decisions, could not come at a better time. The world is afflicted with double-digit inflation of which the United States has also been a victim. This inflation is causing dislocations in our economy and hardship for each American. Particularly hard hit have been those who depend on fixed or low incomes.

This bill would be helpful in the fight against inflation, because it provides hope for bringing Federal spending under control. The impact of Federal deficit spending on inflation should not be underestimated. In recent years, \$15 and \$20 billion deficits have become commonplace. The President's budget request for the coming fiscal year for the first time exceeds \$300 billion and projects a unified budget deficit of \$11.4 billion. A Federal deficit has become so built into our economy that even this budget is considered economically restrictive, with many advocating a tax cut to stimulate production.

The national debt is fast approaching \$500 billion—half a trillion—and one-fourth of this amount has been accumulated during the past 5 years. This debt would be increased by another \$19.9 billion under the President's budget request.

I submit, Mr. Speaker, that there is grave danger in pursuing a national spending policy under which the Federal Government consistently spends \$15 billion more than it earns, and mortgages future generations in the amount of \$20 billion per year just in interest on this ever growing debt. The illogic of this

June 18, 1974

CONGRESSIONAL RECORD — HOUSE

H 5185

policy is obvious; the inflationary impact must be recognized.

Reversing this trend is difficult—there has been little that any one Member of Congress or even any one committee could do alone. We have passed, and I have introduced and supported, legislation which would place a ceiling on total Federal expenditures, and on the national debt. But these have proved inadequate tools—the first leaves basic spending decisions with the President through the impoundment process, and the second is an idle threat to shut down the entire Government.

The trend has also proved difficult to reverse because, while the appropriations process has served Congress well—appropriations have at least been below the budget request for the past 30 years—the mandatory and back door forms of spending outside the appropriations process have proved relatively uncontrollable.

In this bill, we attempt to bring this spending, too, under control. Congress is forced to make the basic spending and taxation decisions which have not been adequately dealt with in the past.

The new process will probably prove difficult to implement as old ways give way to new. But I would ask each Member of the House to bend every effort to make this process work. I submit that exercising firm control over the spending decisions of the Federal Government should be the No. 1 priority of the 93d and 94th Congresses. These are difficult economic times. I support this legislation in the spirit of providing for better times to come.

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

Mr. MARTIN of Nebraska. I yield to the gentleman from California.

(Mr. VEYSEY asked and was given permission to revise and extend his remarks.)

Mr. VEYSEY, Mr. Speaker, I wish to congratulate the gentleman in the well for his role in this legislation, and I wish to congratulate all of those Members who have participated in the development of this landmark legislation. It seems to me it is the most significant legislation, with its long-range impact, that has come before the House during my several years here.

Mr. Speaker, the 93d Congress is making important legislative history in what I hope will be final passage of the Congressional Budget and Impoundment Control Act. I urge my distinguished colleagues to support this conference report.

However, before we vote on this report, I would like to address myself to a few important underlying issues that spawned this measure.

The controversy surrounding Presidential impoundment during 1972 jarred the Congress into positive action. But I believe that the real issue is that we, the Congress, for years have buried ourselves and the country in a mountain of deficits, broken budgets, and runaway spending on ill-conceived programs.

We do not presently have the capacity to study the overall impact of spending in any single area, much less all Fed-

eral programs collectively. The proposed Congressional Budget Office, by providing special assistance to budget committees, House and Senate appropriations and tax committees, will give us the broader scope we require.

Additionally, we have never had adequate time to complete the appropriation process and more often than not, have operated on continuing resolutions. The changing of the fiscal year from July 1–June 30 to October 1–September 30, will give us the necessary time to enact more responsible appropriations.

When the Congress has a more effective and responsible budgetary process, there will be no need for Presidents to use impoundment authority. If this bill accomplishes what it is designed to do, anti-impoundment amendments will generally be superfluous. The people are demanding that Congress assert leadership in budgetary matters, and the time has passed when we can pass that responsibility to the White House and expect the President to balance the budget.

In conclusion, one of the key issues in the Nation is inflation and the general state of the economy. Mr. Chairman, if we fail to pass this measure we will be failing in our responsibility to the American people. We must demonstrate that we are willing to support sound fiscal policies.

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

Mr. MARTIN of Nebraska. I yield to the gentleman from Massachusetts.

(Mr. CRONIN asked and was given permission to revise and extend his remarks.)

Mr. CRONIN, Mr. Speaker, I rise in support of the position taken by the gentleman in the well.

Mr. Speaker, the time has long since passed for the Congress to enact budget reform legislation, and I rise once again in support of the Budget Reform Act, this time in the form of the conference report the long-awaited final stage of congressional activity on the matter. I urge its passage by the House as a demonstration of the desire of the Congress to take the lead against inflation and irresponsibility in fiscal activity that has so long shackled the Federal Government and the American economy.

The conference report that we consider today will for the first time begin to eliminate the haphazard preparation of the budget and spending procedures that has resulted in mismanagement of the overall economic picture. It will organize the budgetary policies emphasizing structure and will recognize the Federal budget as it really is—not a forum for partisan differences of opinion, but a major component of the Government which deserves fair, rational, and carefully coordinated consideration.

Today, by passing this budget conference report we will together tell the American public that we understand the overwhelming aspects of the shrinking American dollar and rising prices. But, moreover, we will tell the American public that the U.S. Congress is going to do something about the high cost of living. We will show that through a cooperative effort on the part of every Member of

Congress that our spending can be regulated and our economy healthy. I urge our unanimous vote today.

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

Mr. MARTIN of Nebraska. I yield to the gentleman from Indiana.

(Mr. HILLIS asked and was given permission to revise and extend his remarks.)

Mr. HILLIS, Mr. Speaker, I, too, would like to commend the gentleman for his remarks and associate myself with his position on this important piece of legislation.

Mr. Speaker, as I did last December when the Congressional Budget and Impoundment Control Act came before the House for a vote, I once again rise in support of this legislation. I urge approval of this critically important measure.

No one can deny that the need for congressional action in the area of budgetary reform has existed for far too long. In order for the Congress to reestablish the ability to exert responsible control over the Nation's purse strings, steps must be taken to update the budgetary process of the Congress. Reform is needed to insure responsible budgetary programing and accounting on the part of the Congress. Today's proliferation of authorizing committees, issues, spending needs, and complicated built-in backdoor spending programs require the closer scrutiny and expertise of an overseeing body as recommended in the Budget and Impoundment Control Act.

The Congress must accept responsibility for having followed a policy of deficit spending—a policy which must be marked as one of the basic and leading causes of inflation. Our constituents are tired of coping with continually rising prices. They are not only asking the Congress to take the appropriate actions toward solving the complicated problem of inflation, they are demanding these actions be taken.

One of the least painful yet necessary steps the Congress can take to curb inflation is to set its own house in order by following the steps recommended in the legislation before us. This bill needs to be enacted, but most important of all, the provisions contained within this measure must be implemented and made to work. This can only be done by each Member of Congress accepting the need for fiscal responsibility and acting accordingly. This course of action must be taken.

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

Mr. MARTIN of Nebraska. I yield to the gentleman.

(Mr. FRENZEL asked and was given permission to revise and extend his remarks.)

Mr. FRENZEL, Mr. Speaker, I strongly support the gentleman's position.

Mr. Speaker, I heartily endorse and enthusiastically support the conference report on H.R. 7130, the bill to establish improved budget procedures for Congress. I think it is one of the most significant pieces of legislation I have ever voted on.

The bill will set up procedures that

will tend to force us to establish our own spending priorities, to control our corresponding more sensibly, and to strike a better balance between our income and our expenses, H.R. 7130 will enhance the congressional rate in the budget process. All of those are desirable objectives, and ones we have difficulty achieving in post. In fact, we have not even come close.

But as extremely desirable as the objectives of H.R. 7130 are, we should not be declared into thinking that this bill will do for us what we are unwilling to do for ourselves. The bill will help us, but it won't make spending priority choices for us. It won't guarantee a balanced budget, even though it make a balanced budget more attainable.

The best inflation fighter the Congress has—and one we have not used yet—is budget control. Reduced Federal over-spending reduces inflationary forces, and it sets the best kind of example for our inflation-saturated economy and our inflation-oriented society. Its about time we used our fiscal weapon against inflation. This bill will help us, but we still have to stand up and be counted.

I applaud the bill and I urge the Congress to use it and its own will power to achieve the bills lofty purposes.

Mr. GROSS. Will the gentleman yield?

Mr. MARTIN of Nebraska. I yield to the gentleman from Iowa.

Mr. GROSS. I thank the gentleman for yielding.

Perhaps up to this point I have not been listening attentively enough. I have not heard anything about cost tag that can be put on this wonderful new piece of legislation. Has the gentleman any idea as to what this is going to cost?

Mr. MARTIN of Nebraska. I do not recall that we have any estimate of the cost of setting up this House and Senate Budget and Impoundment Control Act.

Mr. GROSS. There will be two committees created, one of 22 members and one of 15?

Mr. MARTIN of Nebraska. The members will not add to the cost, but it is the staff and the work of the staff that will.

Mr. GROSS. That is exactly the point. What will the staffs cost and all that goes with them?

Mr. ANDERSON of Illinois. Will the gentleman yield?

Mr. MARTIN of Nebraska. I yield to the gentleman from Illinois.

(Mr. ANDERSON of Illinois asked and was given permission to revise and extend his remarks.)

Mr. ANDERSON of Illinois. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of the conference report.

The gentleman now in the well, as the gentleman from Missouri (Mr. BOLLING) has been very generous in praising others this afternoon for contributing to the work product which brings us to the consideration of this conference report. I think they, too, deserve special praise for their fidelity in the cause of budget reform.

I could not help but think in reading the RECORD again for yesterday when

we debated the national school lunch amendments of 1974 that we had a rather clear example of why this particular piece of legislation before us today in the form of a conference report is needed.

That particular conference report passed by a vote of 345 to 15; yet I was not without some sympathy for those who felt obliged to oppose it because of their concern over the fact that it was \$135 million, I believe, over the amount that had been in the House bill when it left the House.

There was an interesting colloquy on yesterday between the gentleman from Idaho (Mr. SYMONS) when he asked a question as to how long it would take at the present rate of adding to our Federal debt before we would totally debase our currency, and the gentleman from Minnesota (Mr. QUINN) who in answering that question referred to the fact that under this particular legislation we were in effect increasing from 7 cents to 10 cents the minimum assistance by the Federal Government to each school lunch and the gentleman from Minnesota doubted that that relatively small amount would be the thing that would push us over the precipice; but he also made the very valid point that no one really knows how far we can go down this road of piling deficit upon deficit. Especially he said that if we could only find a way where Congress could take into consideration these matters and reduce expenditures someplace else it would be extremely helpful. He made the point, in other words, that while we were adding justifiably to the appropriations in this area there ought to be some means for the Congress to reconcile this action by reducing expenditures elsewhere.

It seems to me that is the great hope and the great promise of this legislation. Even though, as others have said, it is not a panacea, much will depend on how willing we are to submit to the discipline of the budget committees in the House and the Senate and utilize the other procedures that the conference report refers to, but at least we have established a mechanism whereby it ought to be possible to balance the kinds of increases that were made in the legislation that I just talked about, which we voted on yesterday, with expenditure reductions in other areas so that we could hope to bring the Federal budget into balance.

Therefore I think this is indeed a red letter day in the history of this body, and I hope we will in the future look back on the 18th of June, 1974, as the date when we began this very important task of restoring a measure of fiscal discipline to the deliberations of this body so that in turn we can recover some of the prestige that I think we have lost in recent years because of the irresponsible way in which we have acted in this particular area.

Mr. Speaker, I ask the Members of this body to look at this budget reform conference report from the perspective of the average American wage earner. He is concerned, to be sure, with the need for Congress to put its fiscal house in order and to assert its rightful authority vis-à-vis the President in the determination of

budget priorities. But these are surely subsidiary considerations to the overwhelming issue of how we in Congress can bring the budget process under control in the fight to stem inflation.

For the average American family earning approximately \$12,000 per year, and who had to spend an additional \$1,200 last year to maintain its standard of living—including \$400 more for food, \$170 more for housing and \$60 more for clothing—the issue is inflation.

With the prime rate of interest having reached the highest levels since the Civil War, and with the consumer in some areas having to pay 14 percent for automobile and home improvement loans, the issue is also inflation.

In recent months experts have noticed that despite high interest rates consumers are beginning to stretch their credit more than ever in anticipation of further price increases. At the same time mortgage and installment loan delinquencies have reached their highest level since the end of the Korean war.

Mr. Speaker, it is no coincidence that this accelerating spiral of inflation that we have experienced in the past 4 years has been accompanied by skyrocketing Federal expenditures. In 1970 the President proposed the first \$200 billion budget in the Nation's history, and this year he presented to Congress the first \$300 billion budget. During the same period, we enacted a number of tax cuts. The effect has been to run up an estimated deficit of nearly \$80 billion from 1970 through fiscal 1975. To allow the financing of this growing debt the administration came before the Ways and Means Committee last month and requested an increase in the national debt ceiling to \$500 billion—a half a trillion dollar national debt ceiling.

We are all aware that priming the pump through deficit spending can play a constructive role in stimulating employment and income during times of normal business cycle contraction. But such has not been the use of deficit spending in the last few years. During the Vietnam war, when the economy was running at full tilt, we still ran budget deficits. In part because of that practice we created pressures that by 1970 led to the unprecedented consequence now known as "stagflation"—an economy characterized by high rates of unemployment and inflation. As far as the economy is concerned, inflation has become public enemy No. 1 in the minds of the people. And the budget, insofar as it is a source in inflation, must be tamed.

That is the most important issue before us today. With the adoption of this budget reform conference report we would be adopting a truly revolutionary new procedure that for the first time would allow Congress to assess the budget and its inflationary impact on the American people. We would be saying to the American people that the Congress is willing to assume responsibility, really for the first time, in setting the priorities of the budget within limits that will not bury the American people under an avalanche of price increases. In a very real sense whether we will make that pledge to the American people, or wheth-

June 18, 1974

CONGRESSIONAL RECORD — HOUSE

H 5187

er we will acquiesce to the status quo of runaway prices is what we are voting on today.

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

Mr. MARTIN of Nebraska. I yield to the gentleman from California.

(Mr. LAGOMARSINO asked and was given permission to revise and extend his remarks.)

Mr. LAGOMARSINO. Mr. Speaker, I thank the gentleman for yielding, and I wish to commend the gentleman from Nebraska (Mr. MARTIN) for his leadership in this very important matter, and wish to associate myself with the remarks made by the gentleman.

Mr. Speaker, the other day my wife went shopping. She saw a sweater she liked and asked the clerk if she had something more expensive along the same lines. "No," the clerk said, "but I can put this one aside and you could come back for it in a few days."

Now, Mr. Speaker, inflation is no joke. But when salesclerks can see it coming on a day-by-day basis, then matters are serious. Inflation is robbing American consumers of millions of dollars every day. And America's taxpayers are the ones who are footing the bill, in terms of lost purchasing power, higher income taxes, and higher interest rates. Inflation is the direct result of uncontrolled Government spending, especially deficit spending. And uncontrolled spending, gentlemen, starts right here, on this floor.

One way we can control inflation is to adopt this conference report. Every day we pass bills which only contribute to the problem. Today we can pass a bill which contributes to the solution. The people are demanding responsibility on the part of Congress. Let's act responsibly. Let's not make our rate of inflation a laughing matter. Because to the people, it is no joke.

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

Mr. MARTIN of Nebraska. I yield to the gentleman from New York.

Mr. KEMP. Mr. Speaker, I appreciate the gentleman yielding to me. I strongly urge passage of this legislation.

I want to congratulate the gentleman from Nebraska on his leadership, as well as the gentleman from Missouri (Mr. BOLLING) and all those Members who have had such a major role in bringing this historic legislation to fruition.

The gentleman from Illinois (Mr. ANDERSON) has made some very important remarks with which I would like to be associated.

I believe that fiscal responsibility and the fight against inflation in this country begins and ends right here in the Congress of the United States. I believe this effort we are making today will be a large and constructive step forward in bringing to this body and the other body, the type of fiscal restraint and responsibility to our budget deliberations that are so long overdue. This is not a panacea at all, but it does provide vital guidelines and procedural machinery necessary to developing a congressional budget and spending ceiling.

I am also glad to note that the Presi-

dent is talking about submitting a balanced budget in 1976 to the Congress, and I welcome that as a step certainly in the right direction. I support legislation to mandate a balanced budget. Now if we can get the Federal Reserve to match their rhetoric of monetary restraint with the reality of sound monetary practices by slowing down the irresponsible growth and the expansion of the money supply, which is not matched by a concurrent growth in productivity, we will have made a positive contribution toward solving the very difficult problem of inflation in our country.

Mr. Speaker, again I thank the gentleman for yielding.

(Mr. KEMP asked and was given permission to revise and extend his remarks.)

Mr. WHALEN. Mr. Speaker, would the gentleman yield?

Mr. MARTIN of Nebraska. I yield to the gentleman from Ohio.

(Mr. WHALEN asked and was given permission to revise and extend his remarks.)

Mr. WHALEN. Mr. Speaker, I rise in support of the conference report. I would like to take this opportunity to congratulate the gentleman from Nebraska (Mr. MARTIN) and the gentleman from Missouri (Mr. BOLLING) on the outstanding work they have done in bringing this legislation to the floor.

The gentleman from Illinois (Mr. ANDERSON) referred to this as a red letter day in the history of the Congress. I think it might well be termed a black letter day in the history of the Congress.

Mr. Speaker, I rise in support of the conference report on H.R. 7130, the Congressional Budget and Impoundment Control Act of 1974.

When I became a Member of the House in 1967, I discovered that the theory of fiscal policy, which I and hundreds of other economic professors had described to our students for years, deviates tremendously from fiscal practice. Indeed, I concluded that there is not now, and perhaps never has been, a congressional "fiscal policy." Instead, I found, as one noted economist has observed, that the economy shapes fiscal policy rather than fiscal policy shaping the economy.

Therefore, over 2 years ago I proposed that Congress establish new budgetary procedures. My approach, which I titled the "Speaker's Budget," was designed to overcome what I consider to be the five major weaknesses in the present congressional process. They are:

First, there can be no cohesive policy when 14 appropriations bills are considered as separate entities unrelated to any total spending goal.

Second, there is little coordination between expenditure programs and congressional revenue-producing efforts. In fact, taxation and appropriations measures emerge from different committees after little or no cross-consultation.

Third, failure to relate individual parts to the whole inhibits the establishment of spending priorities. In a sense, each bill is pitted against itself. It can be increased or decreased at the whim of Congress with little consideration given to specific total budgetary objectives.

Fourth, under the present system, pressure groups have an undue opportunity to influence congressional decisions. Rather than competing against each other, they can focus on individual bills. To use basketball terminology, a "one on one" situation prevails. As a result, Congressmen are exposed to pressures from 14 separate groups rather than from 14 competing groups. This situation helps to distort priorities in the allocation process.

Fifth, the process now is so drawn out that it interferes with departmental planning. Thus, many executive agencies do not know until well into the fiscal year what their total budgetary obligations will be.

The procedures recommended in the conference agreement which is before us this afternoon are more detailed than those contained in my proposal. However, the significant benefits which I believe will accrue to our economy through the implementation of my plan also will result from the adoption of this report.

First, by integrating the Government's spending and taxing programs, it represents a cohesive approach to our Nation's economic needs.

Second, by considering each department's needs within the context of the whole budget, this approach permits a more precise delineation of spending priorities.

Third, this process also will diminish the impact of pressure groups.

Fourth, departmental effectiveness will be increased since each agency will know its total expenditure level at the beginning of the fiscal year.

Mr. Speaker, I urge my colleague to join me in voting affirmatively on this conference report.

Mr. MARTIN of Nebraska. Mr. Speaker, I would simply like to conclude by pointing out that in my mind this is only 50 percent of the package which the House of Representatives should adopt this year to improve the operation of the Congress itself. The second half is the Reorganization Act that is now held up by the democratic caucus. I trust that we will soon have that on the floor of the House for consideration.

Mr. DU PONT. Mr. Speaker, will the gentleman yield?

Mr. MARTIN of Nebraska. I yield to the gentleman from Delaware.

(Mr. DU PONT asked and was given permission to revise and extend his remarks.)

Mr. DU PONT. Mr. Speaker, I rise in strong support of this legislation.

When I first came to the Congress, I sponsored legislation that would require the Congress to reform its budgetary process. Since that time we have seen ample evidence why this reform is so important if the Congress is to hold the line against excess deficit financing and to help control our spiraling inflation.

Unlike any other institution with which I am familiar, the Congress has had no procedure to adopt an overall budget, and has had no requirements for living within that budget. We have simply considered each spending bill as it came up, voting increases along the way in a merry fashion, with no overall view

of the fiscal implications. Congress evidently thought it could please everyone and disappoint no one. For a while, it appeared that was right, but the cumulative effect of this political expediency and budgetary neglect has been rampant inflation. In 1971 and 1972 we had deficits of \$24 billion. This has not only created excess Government demand for products and services, but it has also contributed to escalating interest rates. The Government has had to complete in the money markets to pay for its bills, and has driven up the interest rates. If we remove some of this excess demand for money, products and services, we will then be able to take some of the steam out of inflation.

But if we are to use the appropriations process as an effective fiscal tool for curbing inflation, we must have an effective budgetary process which forces us to make some tough policy choices and live within the stated ceiling. Without such discipline Congress will continue to be one of the instruments of inflation.

I think the Budget Reform and Impoundment Control Act is the vehicle for exercising responsible fiscal restraint, and urge my colleagues to join me in supporting it.

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

Mr. MARTIN of Nebraska. I yield to the gentleman from California.

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Speaker, I rise in support of the conference report on H.R. 7130, the Congressional Budget and Impoundment Control Act of 1974.

I have consistently supported action on legislation which will establish the basic framework to allow Congress to grasp control of the budgetary process, and I believe that H.R. 7130 is basically a step in the right direction. However, I would have preferred a bill that more closely followed the recommendations of the Joint Study Committee on Budget Control with regards to providing that Congress set overall limitations on budget outlays and on new budget authority before beginning the appropriations process, as well as safeguards to insure that Congress worked within the limitations it established.

Although I will vote for this conference report, two of the provisions are especially of concern to me:

First. The Congressional Budget Office: In its House report on H.R. 7130, the House Rules Committee warned that:

If a new budget office were separated from the committee process, the Budget Committees of the House and Senate would be impelled to create their own staffs.

Although I can appreciate the need for an independent office, I am concerned that the Congressional Budget Office as provided by this legislation will develop into just another bureaucratic entity, and rather than facilitating the work of the Budget Committees, it could actually hinder their objectives. I would have preferred the House approach of combining the features of a committee staff and an independent legislative office.

Second. Impoundment Control Procedures: The conference agreement would provide that in the case of a Presidential message requesting a rescission of budget authority that unless both Houses of Congress complete action approving a rescission bill within 45 days, the budget authority shall be made available for obligation. In the case of a Presidential message requesting deferral of budget authority, the President would be required to make the budget authority available if either House of Congress passes an impoundment resolution disapproving of the proposed deferral at any time after receipt of the special message. I would have preferred that Congress be required to take action in order to disapprove either a rescission bill or an impoundment resolution, and that in both cases, this action be required within a specific time period. The conference agreement does, however, provide procedures for congressional action if the committee fails to report a rescission bill or an impoundment resolution.

In conclusion, Mr. Speaker, I was pleased that the conference agreement does establish timetables for essential elements in the budget process, and it does prohibit the floor consideration of budget authority, entitlement authority, or changes in revenues or in the public debt limit before the adoption of the first concurrent resolution. I fully concur with the point stressed by the managers of the conference that the success of this legislation is going to depend on the complete cooperation of the Congress, and I for one will do all in my power to make it work. Congressional control of the budget is essential for our fight against inflation.

Mr. BOLLING. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. SIKES).

(Mr. SIKES asked and was given permission to revise and extend his remarks.)

Mr. SIKES. Mr. Speaker, I support this meritorious and much-needed legislation.

Mr. Speaker, virtually everyone will agree there is need for a Congressional Budget Control Act. H.R. 7130 is intended to meet that need. It has been a long time coming. It grew out of the work of a Joint Study Committee on Budget Control which began early in this Congress; a committee of senior House and Senate committee members and staffers who worked closely and in harmony toward an objective which was clearly recognized.

The report of the Joint Committee was made in April 18, 1973. The bill which is now before us was reported by the Rules Committee on November 20, 1973, and passed the House December 5 of that year. Now it is mid-June. The contents of the bill have been carefully and fully thought out and I feel that the new Congressional Budget Control Committee which it authorizes will offer the best opportunity yet for Congress to exercise sound and professional management of budget procedures. The bill can help to stop budget busting which has been the bane of those who have so long

desired sounder budget procedures, both in Congress and in the administration.

The bill is not going to require Congress to do a better job. It is going to give the Congress an opportunity to do a better job. It can help to halt deficit spending, but we shall have to live up to the responsibilities which it provides and do so in a forthright manner.

The bill does a number of things that I think are important. For instance, we have long deplored "backdoor" spending. This bill provides a beginning for the control of "backdoor" spending. The bill changes the date of the fiscal year to begin October 1. We have long realized that we cannot complete today's cumbersome budget processes by July 1. The budget is too big. The problem is too difficult. The bill tightens Anti-Deficiency Act language. Importantly, it provides procedures for veto of impoundment. It requires the President to submit a request for rescission when a proposed Presidential impoundment or reserve involves cancellation of a program.

The bill will provide a review of the President's budget at specified times. It provides that a target be set by May 15 for budget totals and functional categories. The budget resolution must be adopted before appropriations, entitlement, and tax bills are considered.

An important new procedure is the requirement that all appropriations bills be submitted to Congress at one time rather than piecemeal. This, in itself, will require that Congress take a more careful look at its budget procedures than at present. We will be looking at totals, not at pieces of the year's program.

The bill establishes a Congressional Budget Office to strengthen congressional resources for fiscal and budget information. This can be a very useful office for all of the Congress.

The bill looks good. Obviously great care must be exercised that people with good judgment, good background, and proper attitudes are placed in staff positions. They will be very important to the sound administration of the new system. This is particularly true in view of the fact that Members of Congress who are named to the Budget Committee will also have other important committee responsibilities and will have to rely to a considerable extent on the recommendations of staff members. This will be no different than the procedure which was used by the Joint Committee on Budget Control, and I can state unqualifiedly that I have never seen better staff work or known more able and dedicated individuals than those who assisted in the preparation of the initial phases of the bill now before us.

I feel that this bill is a major step forward and a big plus for Congress. It is landmark legislation.

Mr. BOLLING. Mr. Speaker, I yield such time as he may consume to the gentleman from Oregon (Mr. ULLMAN).

(Mr. ULLMAN asked and was given permission to revise and extend his remarks.)

Mr. ULLMAN. Mr. Speaker, I thank the gentleman for yielding me this time.

June 18, 1974

I would like to ask the gentleman from Missouri a couple of clarifying questions.

This is landmark legislation—far-reaching, important legislation that is going to change drastically the procedures for every Member of the House, for every committee of the House, as well as for the Office of Management and Budget, and the whole executive branch as well. It is certainly going to involve some drastic revisions in the way we do business.

I would like to have the Members of the House understand this, because it is not going to be easy to implement, as the gentleman from Missouri has indicated.

Would the gentleman from Missouri (Mr. BOLLING) clarify for me first the impact upon the reporting of the budget from the executive branch?

Mr. BOLLING. If the gentleman from Oregon would permit me to answer him in this fashion: The first thing that is done is to change the fiscal year from its current year of July 1 to June 30 to October 1 and September 30. That, of course, is a drastic change. All the other changes that are proposed relate to that.

The first one is the one for which we required a waiver of points of order, and that is to require the President to come in with advance authorizations. Then we require that the President provide us with a current services budget on November 1 of each year.

Mr. ULLMAN. By November 1?

Mr. BOLLING. Of the preceding year.

Mr. ULLMAN. Yes, of the preceding year.

Mr. BOLLING. And no change in date for the January submission of the regular budget.

The gentleman heard the colloquy I had with the gentleman from Nebraska about the leniency that might be required on that.

Mr. ULLMAN. What about the legislative committee?

Mr. BOLLING. Each standing committee shall give the budget committee its views and recommendations on budget matters by the 15th of March. Then the Congressional Budget Office reports to the budget committees, both of them, by April 1, and the first budget resolution is reported by April 15. That, of course, is the target resolution. Then May 15 is the adoption date for the first budget resolution.

Mr. ULLMAN. If the gentleman would yield further, let me clarify that issue. Will the House and the Senate proceed independently, or does this originate in the House?

Mr. BOLLING. They proceed independently.

Mr. ULLMAN. They proceed independently as of that date?

Mr. BOLLING. Yes.

Mr. ULLMAN. Then will come out their different points, and there will be a conference to iron out the differences in the concurrent resolution; is that right?

Mr. BOLLING. That is correct. Then May 15 is also the deadline for committee reporting of authorizing legislation. Mr. MARTIN referred to that in his original statement. The regular consideration of appropriation bills was to be completed by early September. Then the sec-

ond budget resolution and reconciliation occurs, concluding on the 25th of September.

Mr. ULLMAN. If the gentleman will yield further to clarify the issue on appropriation bills, is it my understanding that all of the appropriation bills will be referred back immediately to committee and held, and that none of them will be sent down for White House signature until the final wrapup bill?

Mr. BOLLING. The final version includes that as a possibility, and all kinds of other possibilities, because the difference between the House and Senate was so substantial that there is an optional feature there which in effect would have it done that way or a variety of other ways, as determined by each House.

Mr. ULLMAN. In other words, we could adopt a procedure whereby if we stayed within the limitations imposed by the first concurrent resolution, budgets for appropriation bills could go down and be signed?

Mr. BOLLING. That is correct.

Mr. ULLMAN. I see. But, if the House chose, they could hold them off until the final wrapup bill.

As I understand it, however, if we exceed the initial limitations of the initial concurrent resolution, if we exceed those in the appropriation process, then there must be a second concurrent resolution out of the budget committee, taking into consideration these divergencies from the first concurrent resolution, and meeting them either by directing additional revenue or cutting in the appropriations, or reestablishing new goals on spending.

Mr. BOLLING. There is no attempt to say that the Congress cannot have as many budget resolutions as they want. Actually, the process that the gentleman has described is that which will likely take place in conforming to reality with regard to the second concurrent resolution. The first concurrent resolution deals with targets, and the second one deals with firm ceilings.

Mr. ULLMAN. I thank the gentleman.

Finally, and I think this is the real crux of the whole problem, do we have assurances that prior to the end of the fiscal year and the beginning of a new fiscal year the Congress shall have had to comply with the objectives of this bill in holding to our limitations and in passing on appropriation bills prior to the end of the fiscal year?

Mr. BOLLING. All I can say to the gentleman on that is that we have gone just as far as we can go in trying with one Congress to bind another Congress. We simply are not in a position to say dogmatically that that is done, because the current Congress could modify the situation. There is no way to make it binding, but surely the intent of the whole process is to see to it that we have a rationalized situation in which we have balanced things out and made all our decisions by the 25th of September, which is 5 days before the beginning of the new fiscal year.

Mr. ULLMAN. Of course, any Congress can act to change it, but the bill is designed to have all appropriation measures passed before the end of the fiscal year. It aims to eliminate the present

system of having to operate under continued resolutions, because we fail to get appropriate measures presented before the end of the fiscal year.

Mr. BOLLING. That is certainly the whole intent.

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

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

(Mr. MAHON asked and was given permission to revise and extend his remarks.)

Mr. MAHON. Mr. Speaker, I feel that this is a landmark bill today in the House of Representatives. This is not to say we have found the perfect answer on how to control the budget and how to ride herd on spending. We have not found the perfect answer and much improvement is required in this direction.

One of the main improvements is a determination on the part of the Congress to do a better job as far as legislative enactment, but I think this bill before us is an important first step.

I want to salute the Rules Committee and I want to salute the gentleman from Missouri (Mr. BOLLING) the gentleman from Nebraska (Mr. MARTIN), the gentleman from Mississippi (Mr. WHITTEN), the gentleman from Oregon (Mr. ULLMAN), and all who have worked toward the accomplishment of this goal.

It hardly seemed possible a short time ago that we would finally be at the point of enacting this legislation, so I think the Congress is to be applauded and I think the country will applaud the Congress for this effort—not because the bill is a perfect solution, but because it is an important first step toward that end.

Mr. BOLLING. Mr. Speaker, I thank the gentleman from Texas for his statement and I point out to the House that the gentleman has made an invaluable contribution in this process both by his work on the budget matter and also and in particular on the impoundment control matter.

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

Mr. BOLLING. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Speaker, I was struck by the gentleman's comment earlier that the legislative budget under the rules reform we set in 1947 had not worked.

Am I correct that in this new procedure which we hopefully will approve today that it will be necessary for the initial budget resolution to be adopted by both Houses before an appropriation bill can ever be considered?

Mr. BOLLING. That is correct.

Mr. FINDLEY. I am gratified at that and I want to congratulate the gentleman from Missouri and congratulate him especially for the comment he made about the need for the will to accomplish the procedure itself. Arthur Burns, Chairman of the Federal Reserve System, took very favorable note of this bill in a commencement speech a couple of weeks ago, but he also added this:

Procedural changes, however, will mean little unless the political will exists to exploit the changes fully. And this can happen only if the American people understand bet-

ter the nature of the inflation we have been experiencing and demand appropriate action by their elected representatives.

Mr. Speaker, I thank the gentleman for yielding.

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

Mr. BOLLING. I yield to the gentleman from Minnesota.

Mr. QUIE. Mr. Speaker, first I commend the gentleman and all those who did such great work in putting this proposal together and bringing it to us.

My question is this: While we are moving to a new budget year, which will be from October 1 to September 30, is there any requirement that other units of Government shift to a different budget year, for instance, the school district or a State or any other unit of a government outside the Federal Government?

Mr. BOLLING. There is an assumption that will happen and also a provision in the proposed bill that would provide for very careful study of the process of the shift. We are not proposing to shift next year in this. We are proposing to shift for fiscal year 1977, which begins October 1, 1976, so we are fully cognizant of the dilemma and we hope this can be worked out in a coordinated fashion.

Mr. QUIE. I thank the gentleman.

Mr. MARTIN of Nebraska. Mr. Speaker, I find myself in the very embarrassing position that I have 11 minutes requested of me and I have only 6 minutes remaining.

I yield to the gentleman from Michigan.

(Mr. CEDERBERG asked and was given permission to revise and extend his remarks.)

Mr. CEDERBERG. Mr. Speaker, I rise in support of this conference report and commend the committee for the actions they have taken. However, I think that while we are here today as sort of a mutual admiration society thinking that we have done some great things on behalf of budget control, and I hope we have, we have to recognize that we have yet to see the product of our efforts. Whether or not this is going to work is going to be determined by the will of the people in this House.

It strikes me as a little incongruous, but when we are talking about budget control here I notice over in the other body they are talking about tax reduction in the debt ceiling bill. That hardly looks like budget or fiscal control.

Mr. Speaker, this conference report is a classic product of the legislative process. It has been some 20 months in the making; first in the Joint Study Committee on Budget Control, where I served under the able leadership of the gentleman from Mississippi (Mr. WHITTEN) the gentleman from Oregon (Mr. ULLMAN) and the gentleman from Pennsylvania (Mr. SCHNEIDER). It has been led through the legislative process by the gentleman from Missouri (Mr. BOLLING) and the gentleman from Nebraska (Mr. MARTIN). It has been considered by two Senate committees, and was in conference between the House and the Senate for over 2 months.

The conference report should, and I believe will receive the approval of the

House. There are features in the report that individual Members may differ with. For example, I had hoped that the bill would set a deadline for enactment of authorization legislation, instead of the reporting deadline proposed by the Senate and accepted by the conferees. I would prefer that the Congressional Budget Office be limited to direct support of the budget control process. And I think that impoundment control is an issue whose time has come and gone.

Yet there is a critical need for a mechanism through which the Congress can establish and review budget totals, and relate its appropriations for individual programs to those totals. This conference report does provide such a mechanism, and I support it for that reason. It does not, and can not, ensure that this mechanism will be used in a responsible manner. That will be determined by the congressional leadership, working with individual committee chairmen and Members.

I would like to direct an inquiry to the gentleman from Missouri, who, with the gentleman from Nebraska, and the other members of the Committee on Rules, has worked so hard to reach a compromise which is technically and politically acceptable to all who have a vital interest in budget control. I think those efforts have been successful, and the committee has my compliments and admiration.

Now we must turn our attention to the future, and to the operation of this budget control mechanism. We are establishing procedures which are new, and in many cases untested. In spite of our best efforts, some will not work, and some will work in ways we do not intend. I think it is extremely important that we establish responsibility for the oversight of these procedures, so that problems can be promptly identified, and administrative or legislative remedies implemented. I think that the new House Committee on the Budget should have an important role in this oversight, because that committee has the key legislative role in budget control, and its membership has been specifically defined to represent the interests of the House.

Would the gentleman from Missouri respond to this concern?

Mr. BOLLING. Mr. Speaker, in the first place, I have to say to the gentleman from Michigan, who has done so much on this matter on the floor, that I do not know. I do not know what the intentions are, because I would think that would largely be in the hands of the leadership on both sides and the members of the Budget Committee on both sides.

I would envisage this would be a very careful, continuing examination of the process, because I cannot conceive that this process, although it is the best that we can figure out, would be the best for all circumstances.

I would think one of the first charges in that Budget Committee and the staff of the Budget Committee and of the leadership would be to see if this is a practicable outline of the plan. It really is no more than that.

The gentleman made very clear and very accurately, as a number of others have, that it is going to take a tremendous amount of doing to get any desir-

I think the oversight should come from the committee and from the leadership.

Mr. CEDERBERG. I wanted to get some of the legislative history. It is the gentleman's opinion that the Budget Committee of the House should have the primary oversight in cooperation with the leadership?

Mr. BOLLING. That would be my thought.

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

Mr. BOLLING. I yield 2 minutes to the gentleman from Massachusetts (Mr. BOLAND).

(Mr. BOLAND asked and was given permission to revise and extend his remarks.)

Mr. BOLAND. Mr. Speaker, I rise in support of the conference report on the Budget and Impoundment Control Act of 1975.

We are on the threshold of accomplishing what some felt was not possible only a few short months ago. I want to congratulate the Members of the Rules Committee and particularly Mr. BOLLING and Mr. MARTIN on an excellent conference agreement. I also want to offer my thanks to the Joint Study Committee on Budget Control where much of the early work on tackling this tough problem was completed. And finally, I want to pay special tribute to Gene Wilhelm and Bruce Meredith of the Appropriations Committee Staff, and Larry Pilson, Allan Schick, John Barriere—all have worked to pull together the scattered parts of the budget process into a cohesive document.

Mr. Speaker, this House is about to put into place, the last stone, in the long effort to build a framework for effective budget control. Each year, Congress acts on a wide variety of bills. But this could be the single most important piece of legislation adopted in recent times. Fiscal policy in the Congress has not been stimulated by choice. Rather, it has been the victim of confusion. Year after year, the appropriations enacted have totalled less than the executive branch requested. But legislation reported by other committees has gradually increased outlays through "backdoor" and other mandatory spending. It is shocking when you realize, that the 13 major appropriation bills we act on each year, represent only 40 percent of the Government's expenditures. The fact is that the decisions that determine the ultimate shape of the budget are made—not just in 13 major appropriation bills—but in more than 150 separate measures that have budget impact. This fragmented and uncoordinated process denies Members a vote on the most vital issues—what total expenditures should be—how they should be financed—and what priorities should be assigned among competing programs.

The conference agreement before us today provides us with the tools to gain control over all the budget. It provides us with the tools to determine effective priorities—to determine what old programs should be discarded, and what new programs should be adopted.

Revenues are limited, and we must be-

June 18, 1974

able objectives and concentrate our resources on those areas that matter the most.

This is an historic day in the House, but after all the work is finished, and after all the speeches are made, the only question remaining is will it work? Of course, I can not answer that question today—but I do know, that whether it works or not, depends largely on the will of each Member to make it work.

The budget process is by definition complicated. The nuances of budget control are complex. In many ways, this budget reform exercise is most useful because it helps educate each of us about what we have been doing out here. Let me cite two statistics. Only 28 percent of the 1975 budget is controllable. The balance goes to interest on the debt, revenue-sharing, farm price supports, and fixed payments to individuals. Payments to individuals alone now comprises 44 percent of the Government's total outlays. These payments are for social security, military and civilian retirement, unemployment assistance, veteran's benefits, medicare, housing payments, and public assistance. Seven years ago the same payments to individuals represented only 26 percent of total Government outlays.

This is the heart of budget control and budget reform. We cannot continue approving new payments for this group and new programs to solve that problem. But in a sense, that is what we have been doing. The problem is that new programs have a way of developing powerful constituencies, and payments to individuals have a way of being made to voters. So in the last analysis, we come back to the question of will. Do we have the will to make this new tool work? I hope we do because the alternative is a budget completely out of control, and a nation which is rapidly outspending its resources.

When we vote to adopt this conference report our work is only just beginning. This bill will provide us with an opportunity. I do not think we can miss this opportunity and I urge the adoption of the conference report.

Mr. BOLLING. Mr. Speaker, I yield such time as he may consume to the gentleman from Mississippi (Mr. WHITTEN).

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Speaker, as I said earlier, it has been a great pleasure to work with this committee. I do commend the members of the Rules Committee for the fine job they have done.

Mr. Speaker, first, may I say I wish I could claim that the pending Congressional Budget and Impoundment Control Act would or could result in paying off the national debt of nearly \$500,000,000,000; or possibly take up the extra U.S. dollar in the amount of \$100,000,000,000 that each Japan and Western Europe has with which they bid up U.S. prices on lumber, coal, other raw materials and commodities, as well as land, causing much of our inflation. I wish I could say this measure would pull foreign aid back to assistance, for foreign aid is almost one hundred per cent inflationary. We sell our goods and commodities to get our own money back; therefore, we have more

money at a depreciated value and less goods which means higher prices in terms of U.S. dollars for everything. I cannot claim that this measure will accomplish all that.

The measure before us, however, will bring before the Congress and the American people the whole story each year and each step provided herein is a step toward fiscal responsibility, determined on an annual basis.

OUR JOINT COMMITTEE

It was almost 18 months ago that the Joint Study Committee on Budget Control had its first organization meeting and undertook its study of the inadequacies of our present legislative budget control system. I was pleased to serve as cochairman of the joint study committee along with my colleague AL ULLMAN as well as the other 30 members of the committee. I am highly gratified that all 32 of us were able to agree upon a report and that the 32 of us joined in introducing the original bill H.R. 7130. Although it was not intended that we have agreement on many of the details of that original bill, we felt, nevertheless, that it was valuable in establishing certain fundamental principals of budget control which are still incorporated in the final bill now before us for approval.

H.R. 10961

Based on my experience with the Joint Study Committee, I was asked to study and examine the provisions of many other excellent bills, which had been prepared by the members of the Rules Committee and various of our colleagues. I did this and thought the best way to comment was to introduce a bill which in my judgment brought together the best parts of various bills that were before us. Thus, I introduced H.R. 10961 on October 16.

I am glad that H.R. 7130, as finally agreed upon in the conference action, generally incorporates these revisions, all of which had the basic objective of simplifying to the greatest extent possible the new budgetary control organization and procedures.

Very briefly, I would like to emphasize certain basic principles incorporated in the approval plan which I believe, based on our extensive study and deliberations, will assure the establishment of an effective system of legislative budget control.

CHANGE IN FISCAL YEAR

The change in the fiscal year, which I had embodied in my bill, to the period of October 1 to September 30 will provide adequate time for consideration of the Budget and avoid the necessity of passing continuing resolutions for the operation of Government agencies pending passage of the appropriations bills.

MEMBERSHIP OF COMMITTEE—ROTATION

The establishment of budget committees in both the House and the Senate will provide the essential mechanism for coordinating revenue and expenditure actions and recommending a legislative budget. The bill properly provides that the membership of this coordinating committee in the House will give representation to the Appropriations, Ways and Means, and the Legislative Commit-

tees, and the leadership of the majority and minority parties. The plan also provides, as I proposed in H.R. 10961, that the members shall be rotated among the members of their parent committees to assure that the Budget Committee does not become a "super-duper" committee. The Budget Committee will have only the power to make recommendations in reference to the legislative budget, and all of its action will be subject to the majority will of the House.

FLEXIBLE TARGETS—CONGRESSIONAL EXAMINATION

The bill provides that Congress shall have an adequate opportunity to examine the budget from an overall point of view together with a congressional system of deciding program priorities. The mechanism for providing this opportunity is the budget resolution. The first resolution will set tentative total levels for new budget authority and outlays, the appropriate spending level for each functional category in the budget, and overall levels of Federal revenues, debt, and surplus or deficit. Most important, and we learned this in our earlier unsuccessful attempts to establish a legislative budget, it is not feasible to establish a rigid, fixed ceiling on the budget at the outset of each session. The plan provides, therefore, as I proposed in H.R. 10961, that overall figures and breakdowns in the initial resolution shall be targets, serving as guidelines to the subsequent passage of appropriation bills. The complex and detailed compliance requirements and procedures of the original joint study committee plan have been dropped to permit Congress to work its will in consideration of individual bills, but with understanding of their impact in relationship to the targets.

FINAL RESOLUTION

The final budget resolution, to be enacted after passage of the appropriation bills, will provide a final determination of the legislative budget totals with direction to the Appropriations Committees and the Ways and Means Finance Committees to take such actions in the form of a budget reconciliation bill as may be necessary to conform to the revised budget total. This is a most important element of the budget control plan, for it assures that before adjourning, Congress will take responsible action to either reduce its spending actions to conform to the target figures or pass such revenue measures as may be necessary to finance a higher spending figure.

Finally, incorporated in the bill is the new procedure for processing the appropriation bills, which I proposed to H.R. 10961. Prior to the reporting of the first appropriation bill, the Committee on Appropriations must complete its subcommittee mark-ups and full committee action on all the annual appropriation bills and report to the House a summary of its recommendation in comparison with the target figures contained in the first budget resolution. The conference agreement properly contains an exception to the procedure in the instance of those appropriation bills which must be delayed pending authorizations. This revised procedure for the handling of appropriation bills has the advantages of a

single package appropriation bill without its disadvantages. It will assure that the Congress in its action on the individual appropriation bills will be fully informed as of the over all impact on the budget targets of the committee's recommendations as well as the added impact of any floor amendments that might be considered.

In summary, I believe that the conference agreement on H.R. 7130 provides for a practical and workable solution and will make possible more responsible action by the Congress in its exercise of its power of the purse. As is true of any system, however, it will not achieve this objective unless it has the full support of all of us.

CONGRATULATE CONFEREES

Mr. Speaker, I congratulate Mr. BOLLING, Mr. MARTIN and the other members of the Rules Committee who served as conferees for the excellent conference report on the budget control bill which they have brought back to the House for our approval. They have been able to keep intact the basic principals, organization and procedure of the budget control bill passed by the House last December 4. They are to be commended for bringing back a conference bill, which I believe, will permit us to establish and maintain a legislative budget control system and yet avoid the many complexities that might frustrate a majority of Congress in working its will on fiscal matters. In the final analysis, every procedure and every action provided in the bill, is subject to the approval of a majority of the Members.

Mr. BOLLING, Mr. MARTIN and the other House conferees have done a tremendous job in bringing back to us such an excellent conference agreement on this most complicated subject and I strongly urge its adoption by the House.

Mr. BOLLING. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. PICKLE).

(Mr. PICKLE asked and was given permission to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, almost exactly 2 years ago I was joined by several of our colleagues particularly Mr. SARBANES, Mr. FORD, and Mr. HARRINGTON here in a special order to discuss the very problem we are addressing here today in final legislation.

We were concerned that the Congress and the House of Representatives were losing control of the most precious and important power and elected body can have: The right to appropriate funds, that is, the power of the purse string. Throughout history, who controlled the Government's purse strings has mandated who really controlled the Government. Throughout history, the power over the purse has meant for elected bodies the difference between wielding an equal role in Government or consigning oneself to the role of a mere figurehead.

Two years ago, when we addressed the House, the Congress was headed down the figurehead road. We had lost control of the budget, and the new administrative practice of policy impoundments was cementing the path.

I tried to make the point that the choice of what would happen next was up to us in the Congress. We could either allow things to continue on that course or we could address the problem and reclaim our constitutional duty to control the Federal pursestrings.

The situation was not the fault of individual men or individual committees, for none are more dedicated than our able colleagues who have charge in their committees of the comings and goings of Federal revenues.

It was the system itself as it had evolved which was at fault.

For several years, even before the impoundment debate reached its peak, I had introduced legislation to restore fiscal responsibility to our congressional budget system, and I had introduced legislation to change the fiscal year to allow the Congress a more reasonable and practical time to do its business. Those bills were somewhat along the same lines as the one we consider today.

I am pleased to see this great new effort being made in these directions today.

Shortly after the address to the House 2 years ago, I was joined by over a hundred colleagues in sponsorship of an anti-impoundment bill. That bill went through long and hard and vigorous debates, getting into the most basic of constitutional questions. Along the way, the anti-impoundment measures were wedded to the broader approach, an effort totally to reform the congressional handling of the budget and to increase greatly the oversight efforts of all congressional committees.

I welcomed this marriage; I think the bill is the stronger for it. I commend Mr. ULEMAN and Mr. BOLLING for this dedicated work in presenting this measure, and I commend Mr. MARTIN for his leadership and cooperation.

My early proposals and the suggestions of others have been changed greatly. Parts of the bill are hard to recognize. Other parts, however, seem very familiar to me—the changing of the fiscal year, provision of spending targets and of a resolution of later developments with those targets, a recognition of the vast role played by the so-called "uncontrollable" budget items in our outlay totals, and a serious effort to equip the Congress with the manpower needed to handle today's huge Federal budget.

Yet while changes have been made, all of the bill before us is obviously, to me, the outcome of the serious and carefully weighed constitutional questions which were raised and reraised, hashed about and reshaped about, until I think we have found a solution which will be not only constitutional but practical, not only practical but sound.

I applaud the conference committee for its able work in setting difficult issues, and I applaud all those who have labored so hard over the past years to bring this bill to fruition.

This is a good bill, and I urge each of my colleagues here today to vote for it—and to vote for a restoration to the Congress of our constitutional duties over the purse.

This bill may not be a cure-all. It may

be only a beginning. Its success will depend on the cooperation of the Members. While most of us feel that we might have finally at long last agreed to a budget-control process, and with it an anti-impoundment provision, it really is basically a new approach, a new start on fiscal responsibility.

Mr. BOLLING. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. BINGHAM).

(Mr. BINGHAM asked and was given permission to revise and extend his remarks.)

Mr. BINGHAM. Mr. Speaker, I am tempted to join those of my colleagues who have hailed the Budget and Impoundment Control Act as "historic," "monumental," and "vital" legislation, but I am going to resist that temptation. I do so because no one can accurately predict how this bill, with all its complexities, is going to work out, and I confess to real trepidation on that score. However, I am impressed by all the thought and hard work that has gone into this bill. Moreover, it is clear that the final version before us today represents a marked improvement over the initial drafts and the bills considered by the House and the Senate originally. For example, I am pleased to note that the conference committee has incorporated provisions similar to an amendment I offered to the House bill which will tend to insure that all appropriations bills are treated equally. The original House bill, H.R. 7130, expressly provided that those appropriations bills which conformed to the targets in the first concurrent resolution on the budget would be enacted into law, without awaiting final congressional action on all appropriations bills, thus giving them a kind of preferred status. The conference report provides in section 301(b) that the first concurrent resolution on the budget can specify that all appropriations bills not be sent to the President until Congress has completed a September reconciliation of its initial budget targets with its separate spending measures. This, then, appears to be the preferred procedure, even though the bill also allows "any other procedure which is considered appropriate to carry out the purposes of this act."

There are many other such improvements which together make this bill as tightly knit as one could hope. The Budget Committee and the Legislative Budget Office should give the Congress a much firmer grip on the raising and spending of tax dollars, and replace the present piecemeal, uncoordinated process with a coordinated, comprehensive approach to the Federal budget. It should also allow meaningful debates on national priorities at the beginning of each Congress which will be a welcome development. The impoundment controls in title X should end the executive branch's abuse of power in this area.

But, Mr. Speaker, the procedure is, necessarily I suppose, cumbersome. A great amount of additional work will have to be squeezed into an already crowded congressional calendar. The race between authorization bills and appropriations bills in such areas as for-

June 18, 1974

sign aid will become even more frantic. I cannot see how the expectation of the managers of this bill that future programs will be authorized at least a year in advance will be realized in many areas.

However, there is no contesting the fact that we must try to make this proposed system work. I will join with what I know will be the overwhelming majority of my colleagues in supporting the enactment of this legislation.

Mr. Speaker, I would now like to address a couple of questions to the chairman. First, as he will recall, I proposed an amendment on the floor of the House which would delay the consideration of all appropriation bills until after the second concurrent resolution.

Would it be a fair statement that section 301(b) of the bill reported by the Conference, which states that the original concurrent resolution can provide for that process, moves at least some of the way in the direction of treating all appropriation bills equally?

Mr. BOLLING. That is correct.

Mr. BINGHAM. Mr. Speaker, I thank the gentleman for his reply.

With regard to the effective date timing the bill, I notice a number of provisions. Is it the contemplation of the Committee that the Committees will be appointed promptly in this Congress so as to appoint the Director of the Budget Office and to proceed in the preparation for the coming year?

Mr. BOLLING. I think it is safe to say it is the hope of the committee, and all the committees which worked on this, that the matter would proceed very quickly, because it will take all the time they can possibly have for the people who are designated on the Budget Committee and other committees to even meet the rather generous time schedule provided.

Mr. BINGHAM. Mr. Speaker, I thank the gentleman.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. Gross).

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Speaker, a great day is about to dawn in the House of Representatives. There has been a lack, we are told today, of will, discipline, and restraint, and this budget control bill is going to cure all things.

Bless your hearts and souls, you have had for years an antideficiency act, a perfectly good act, but what do you do with it?

You come here each year with two or three and up to four deficiency appropriation bills. You make the regular appropriations, and then come in later with deficiency bills which bear the sugar-coated titles of supplemental appropriations. They are deficiency appropriations nevertheless and for the purpose of spending above the regular appropriations. They demonstrate the lack of discipline and will to take the measures that are necessary to establish sound, responsible fiscal policy.

Mr. Speaker, we also have a perfectly good act which provides that Congress

shall adjourn each year on July 31. So what do we do? We pass a concurrent resolution setting that act aside and Congress gleefully goes its way for the rest of the year, almost celebrating Christmas Eve in session.

Yes, Mr. Speaker, with this bill, everything and everybody is going to be reformed. Everything is going to be hunky-dory, and the goose is going to hang high. If we just pass this bill, we will have brought into play all the will, all of the restraint, and all of the discipline that is necessary to balance the budget, stop inflation, and restore fiscal sanity. Do not believe it for 1 minute.

I will not be here when this alleged reform goes into operation, but I predict Members of this House and the Members of the other body will quickly find ways to warp and bend the reform rules laid down here today and, at least, some of the Members present on the floor will be a part of it.

Mr. Speaker, this legislation is another resort to gimmickry. The issue of budget and spending control can be met here today, tomorrow, and the next day if the Members of Congress will but exercise the courage and determination. This is again misleading the public and I predict again that time and events will prove it.

Mr. BAUMAN. Mr. Speaker, I wish to endorse the remarks just made by the gentleman from Iowa (Mr. Gross). I think I shall have those remarks engraved in stone, and present them next year at this time, after the gentleman has retired from his many years of dedicated service to his country, to the many who have made glowing speeches here today about budget control, but who will probably end up voting for more backdoor spending and bigger budget levels the moment we approve this bill.

Make no mistake: this bill is a step forward, and it will help. But it is not a panacea, and it will only be as effective in enforcing budget control as the collective will of the Members of this Congress. While it will lead to a more organized method of approaching the budgetary responsibility, it contains no guarantee that the overall level of Federal spending will be held to a reasonable limit; only firm resolve on the part of Congress can insure that. It does not guarantee an end to red ink in the Government's books; only a balanced budget amendment to the Constitution, of the sort which I have introduced in this House, or similar action, will assure an end to the practice of spending more than we take in each year. And it certainly will not assure a rational approach to the expenditure of the taxpayers' money—we will still be free to spend that money on as many foolish and ill-advised programs as a majority of us like.

In addition, the final conference version of this bill does not contain several key elements which were included in the original House bill. The measure does not include present programs under the limitations placed on backdoor spending, which represents a significant weakening of the bill. The provisions requiring committee oversight and review of existing programs, an essential part of any

effort to weed out programs which are unproductive, or which have outlived their usefulness, have also been watered down.

In short, the Budget and Impoundment Control Act will give us the tools we need to approach the budgetmaking process in a responsible and organized fashion. But we must use these tools effectively. If we approach them as troublesome annoyances and work around them, then budget control will be a sham. If we employ them intelligently, and combine them with a willingness to hold down the overall level of spending, then we may succeed in bringing fiscal responsibility to the Federal Government for the first time in my memory. I pledge to work toward this goal, and I hope that the other Members who have praised this bill so eloquently today will do so as well. I only wish that we could look forward to the wise counsel of the gentleman from Iowa as we implement its provisions.

Mr. BOLLING. Mr. Speaker, I would like to yield 1 minute to the gentleman from New York (Mr. Badillo).

(Mr. BADILLO asked and was given permission to revise and extend his remarks.)

Mr. BADILLO. Mr. Speaker, I rise in support of this legislation.

The legislation before us this afternoon is a comprehensive measure designed to end the haphazard manner in which the Congress, for far too long, has dealt with the Federal budget. Not only will this measure be one of the most vital and urgently needed to be acted upon by this Congress but its passage will mark a significant reform in both congressional procedures and in legislative-executive relationships.

As the New York Times very appropriately observed editorially earlier this month—

Until now a loose and fragmented budget process has often caused spending to veer out of control, with serious inflationary consequences.

Further, in view of the absence of any substantive coordination between the appropriations and revenue r using committees of both Houses, fiscal policy has been a major cause of instability.

By providing a mechanism for the Congress to regain control over the Federal budget—through the creation of a procedure for viewing the budget as a whole and determining the desired levels of spending, revenues, deficit or surplus and debt in a manner affecting the overall economy in the most advantageous fashion—H.R. 7130 will bring some order out of chaos. By restoring the Congress to its proper role in the budget process this measure will correct the serious imbalance of power which for many years has rendered the legislative branch ineffective when faced with a better organized and more purposeful Executive.

The annual budget battles which have ensued have been terribly damaging to the democratic process and to economic stability and have frequently jeopardized programs which have sought to provide remedies for many of the domestic ills confronting our people. Further, the Congress has been in a difficult position to

H 5194

CONGRESSIONAL RECORD — HOUSE

June 18, 1974

achieve a meaningful reordering of national priorities because of our unwillingness to take the initiative to rationally manage the budget.

This legislation contains a number of progressive and useful features which will not only streamline the whole budget process but will make it more functional and responsive to the needs of the country. Through the establishment of budget committees in each house—aided by the Congressional Budget Office—the Congress will be able to effectively match the executive's fiscal expertise and will certainly better equip us to determine spending priorities. Further, H.R. 7130 will set a procedure to provide for congressional control over the impoundment of funds by the President, a device whose necessity has been highlighted by the irresponsible and detrimental impoundments of the past several years.

As the distinguished gentleman from Oregon (Mr. ULLMAN) is quoted as having declared, the Congress "cannot continue our present course of fiscal irresponsibility without destroying the Nation. Congressional budgeting has to be the first step." The reform measure we are now considering cannot be delayed further and we must move affirmatively to correct present deficiencies and enact this conference report to enable us to properly meet national economic needs and overall budget priorities. Further, this legislation will aid in placing the interests of the people above narrow special interests in shaping the Federal budget and, hopefully, will assist in restoring public confidence in governmental processes.

Mr. MARTIN of Nebraska. Mr. Speaker, I yield myself the balance of my time.

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

Mr. MARTIN of Nebraska. I yield to the gentleman from Colorado.

(Mr. BROTZMAN asked and was given permission to revise and extend his remarks.)

Mr. BROTZMAN. Mr. Speaker, I rise in support of this particular conference report, as I did the bill.

I rise in support of the conference report on H.R. 7130, the Congressional Budget and Impoundment Control Act of 1974. I congratulate the members of the conference committee for their good work in reporting this agreement to the floor; an agreement that is nonpartisan and protects the best interests of the American people.

This legislation represents a big step forward in dealing with the catastrophe of inflation that has been so damaging to the well-being of this Nation. It is no exaggeration to say that inflation is the most severe economic problem now confronting this country. Consumer prices have risen to exorbitant highs, and purchasing power has eroded to record lows.

The chief cause of this insidious growth of inflation has been irresponsible and uncontrolled Government spending. Until now, the President's impoundment of funds has been the only thing keeping this spending under control. I believe that impoundment of funds ultimately works to the detriment of every American citizen by weakening the separation

of powers between the executive and legislative branches.

However, if the Congress were to destroy this power to impound funds, without first providing the machinery to responsibly handle the Federal budget, the result would be bankruptcy for the American people.

There must be a mechanism in the Congress to effectively limit congressional spending and this bill accomplishes the goal. It sets up budget committees within both bodies of Congress to coordinate and monitor budget outlays and authority. The committees are responsible for reporting resolutions that will set a statutory spending ceiling for the Federal Government and also determine the overall levels of Federal revenues and public debt, and the resulting surplus or deficit levels.

The bill permits the President to impound funds solely for contingencies or to affect certain savings. The President is required to report any impoundment action to the Congress by means of a deferral message, and the Congress is given the right to pass an impoundment resolution disapproving the deferral, thereby making the funds available for their intended purpose.

Mr. Chairman, by setting a limit for expenditures, this bill reaffirms, in Congress, the constitutional prerogative for controlling the Nation's pursestrings. Fiscal responsibility and constitutional power must go hand in hand if the Congress is to deal with the rampant rise in inflation.

Mr. MARTIN of Nebraska. Mr. Speaker, in the 1 minute which I have remaining, I would again like to point out that this legislation will work only if the Members of Congress, of both the House and the other body, have the will and the determination to carry through and make it work. That is extremely important.

Mr. Speaker, as I pointed out in earlier remarks, the bill is very, very flexible. There are options in the House for not making it work if the Congress and the committees do not have the will to carry through. But I hope, Mr. Speaker, that we do have the will in future years and that it will work and will improve the operation of the Congress and be of great benefit to the entire Nation.

Again, I want to point out that this is only one-half the package. The other half of the package is the Reorganization Act, which I hope we can have before us on the floor of the House in the very near future.

Mr. BOLLING. Mr. Speaker, I yield myself the balance of my time.

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

Mr. BOLLING. I yield to the gentleman from Missouri.

Mr. RANDALL. Mr. Speaker, for all of the Missouri delegation let me say we are proud today of the dean of our delegation for his leadership in the Congressional Budget and Impoundment Control Act. Let me quickly add the view that I am not as pessimistic as some Members who have just taken the well—that this legislation may be meaningless. On the contrary I am almost certain this legis-

lation will help the Congress do a better job in making expenditures—equal—rather than exceed revenues.

Mr. Speaker, I rise in enthusiastic support of H.R. 7130. There are so many meritorious provisions in this important piece of legislation that it will not be possible to mention, even briefly, all of them.

In just a very few words the legislation which we refer to as the Congressional Budget and Impoundment Control Act of 1974 establishes two budget committees consisting of 23 Members on the House side and 15 Members on the Senate side. It also provides for the establishment of a Congressional Budget Office, changes the fiscal year and provides impoundment review procedures.

A casual glance at some of the action that was taken in order to arrive at this stage of the conference report will show that nearly all of the activity in the early stages have been by either unanimous vote or by such a substantial vote as to be virtually unanimous.

For example, the report of the Joint Study Committee on Budget Control was adopted on April 18, 1973. Thereafter this report was approved by our Rules Committee on November 20, 1973. Thereafter this legislation passed the House on December 5, 1973 by a vote of 286 to 23. On March 22, 1974 very similar legislation, if not identical, passed the Senate unanimously. Then, when the conferees got together for their deliberations the conference report was agreed to unanimously on June 17, 1974.

All of the foregoing should speak eloquently of the fact that this legislation before us today must be of such great consequence and of such merit and excellence as to be almost unanimously accepted throughout its legislative history.

Perhaps it should be emphasized that what we have before us today is the design for procedure that will aid and assist the Congress to arrive at better informed and better prepared decisions and conclusions to see to it that the funding which is appropriated does not exceed the revenues which are available.

During some of the debate several months ago in the House one Member who said that action on the congressional budget measure made the date a red letter day was promptly challenged and corrected to say it would be more appropriate to refer to it as a black letter day because a legislation of this kind should go a long way in the future to keeping our Government in the black rather than having to use more red ink.

Some have been exceedingly pessimistic that the Control Act will not work. The best way to look at this new measure, however, is with an attitude of optimism. Whether it will work or not will depend on whether Congress wants to make it work. It can be a worthless effort today and all of our action today can be an exercise of rhetoric unless we are determined to make this new machinery work. For my part I hope and pray that the membership of this Congress and the membership of the next Congress will share the determination to make this new Control Act workable and effective.

There is little value in discussing the dates when authorization must be com-

June 18, 1974

CONGRESSIONAL RECORD — HOUSE

H 5195

plete and when the committees must act. All of these timetables are spelled out in the bill and in the report.

Some have described this legislation as historic; others have said that it is landmark legislation. It is my hope that it will serve as an effective tool that will enable us to set some priorities in our expenditures. Also there must be a will and a determination in setting these priorities to exercise some self-restraint.

Mr. Speaker, the action on this conference report today is essentially a reaffirmation of the congressional power of the purse. This is indeed a historic day. The need for this legislation has been clear for a long while. The end result of what we do here today may not be fully foreseen at this moment but I predict it very well could or might produce a profound result in the not too distant future because this should enable the Congress through its congressional budget committees to zero in on budget totals and thus arrive at more carefully appraised appropriation legislation that comes within the revenues available.

To assist the budget committees, of course, is the Congressional Budget Office whose staff would serve both the Senate and House committees. This office will have the advantage of computers which are now available only to the executive branch. This office would submit annual reports to the two Budget Committees to assist them in preparing their own congressional budget. Please note we are speaking of a budget prepared by the Congress not one that comes up from downtown and is handed to us on a take it or leave it basis and which we always seem to swallow no matter how unpalatable it may be.

What we do here today may not be the perfect answer but it certainly is an important step. It is even hard to believe we have come this far. Perhaps the Congress should take time to congratulate itself. In my judgment, the country will applaud what the Congress is doing today. This conference report is the last stone in the structure that started way back in the fall of 1972 when the House imposed a limit of expenditures of \$250 million on itself for the first time ever.

The legislation today gives us the tools for budget control. Certainly our revenues are limited and always will be. Certainly there are many meritorious demands on these revenues. The procedures we establish today will simply enable the Congress to cut the pie and divide the portions according to the highest priorities.

Mr. Speaker, budget control is only part of the tools provided by H.R. 7130; the other part, impoundment control. The President may now withhold funds under the Anti-Deficiency Act but under the terms of this new bill he must notify Congress of his actions, then the Congress has 45 days in which to act by way of disapproving resolutions. Put differently, when the President believes a program should be rescinded for fiscal policy reasons he must submit to Congress a rescission message, explaining his action. Thereafter, both Houses are given 45 days to pass a rescission bill which rescinds the amount proposed by the President.

Otherwise, the funds will be made available as appropriated.

If the President only wishes to temporarily defer an expenditure but not terminate the program under this bill, he must submit a deferral message explaining his action. This procedure differs from a rescission message because under deferrals the President must make the impoundment available if either House passes an impoundment resolution disapproving the deferral. This act contains the authority for the Comptroller General, with congressional approval, to bring suit after the rescission and deferral decisions are complete.

While H.R. 7130 is important as a budget control tool it is also important as a tool to fight the impoundment process of funds appropriated needed to carry out authorized programs so urgently needed by our people. We have seen in the immediate past of impoundments of agricultural, educational, and House programs that have suffered by ill-advised and unwise impoundments of this administration.

Mr. Speaker, the legislation before us today will give us the opportunity to do what we have always said we should and ought to do and that is exercise better control of expenditures.

Once again, let me say it is more than an opportunity, it is an effective tool. I predict that the Congress will make good use of this tool. The legislation embodied in this conference report today may very well be the means to achieve fiscal commonsense in the future. If we are not determined to make these procedures work, those who fail will find that the people will not long tolerate such failure.

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

Mr. BOLLING. I yield to the gentleman from New York.

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

Mr. GILMAN. Mr. Speaker, I rise in support of the Congressional Budget and Impoundment Control Act.

We have been awaiting the conference report on this measure for some time now and it is gratifying that the conferees have finally come forward with a viable proposal.

As a freshman Congressman, it was dismaying to discover the haphazard method by which the Congress spends the taxpayers money—authorizing and appropriating billions of dollars without setting any spending ceiling or without considering the inflationary consequences of responsible spending.

Passage of this legislation is a landmark achievement of the 93d Congress. For the first time, we will be working with a unified budgetary process and there will be one central committee recommending levels of budgetary outlays, as well as setting overall levels of Federal revenues and public debt. This will start Congress on its way toward seeing both the forest and the trees of fiscal policy.

It is especially important to pass this legislation because we probably will not have the opportunity of voting on the

committee reform measure which was carefully prepared and presented by the bipartisan Committee on Committees which was formed to restructure the antiquated House committee structure. That worthy proposal has apparently been sidetracked by a handful of the members who are reluctant to consider any reform which may weaken their own powerful positions.

Accordingly, I urge my colleagues to wholeheartedly support this worthy fiscal reform measure which may well be our only opportunity this session for putting the lid on massive Federal spending which has become such a tradition over the past few years in Congress.

Mr. BURKE of Massachusetts. Mr. Speaker, I rise in support of the legislation before us, H.R. 15124, which will extend for 1 year the current authority for SSI recipients to participate in the food stamp program.

In my own home State of Massachusetts, as well as in four other "cash-out" States, the impact of this legislation will be the continuation of a cash supplement in lieu of food stamps/commodity distribution program. Without the extension, the State would have to evaluate each SSI case to determine the effect of the State's food stamp/commodity distribution cash out on each of the aged, blind, and disabled recipients, at great administrative expense and burden to the State.

Under recent Federal law, effective July 1 of this year, SSI recipients would be eligible to receive food stamps only if their current income level is lower than the combination of welfare payments and the cash value of the food stamp bonus to which they were entitled back in December 1973. Congress, subsequently, enacted a temporary suspension of this law. Under the 6-month suspension, which will expire on June 30, five States were permitted to completely cash out the food stamp benefits for SSI recipients. Massachusetts, California, Hawaii, New York, and Wisconsin now provide an additional cash supplement to all recipients of the SSI program to replace the bonus portion of the food stamp or surplus commodity distribution program benefits. In the remaining States, eligibility for food stamps is automatic for SSI recipients regardless of their income level.

The bill also remedies an unusual situation that has developed in the five cash-out States. Those SSI recipients who had been receiving more under the old welfare program—at a rate higher than the States average SSI payment level—when they were converted to SSI, did not receive the cash-out bonus value of food stamps/commodity distribution program. They were converted at the rate of public assistance they had previously received, with a total disregard for the benefits they had received through participation in the food stamp/commodity distribution program. The value of the lost income is estimated at about \$10 per person a month. For this special category of SSI recipients in cash-out States, the bill requires that States include in their mandatory supplementation payments an amount equal

H 5196

CONGRESSIONAL RECORD — HOUSE

June 18, 1974

to the bonus value of the food stamps/commodity distribution program.

Mr. Speaker, we cannot afford to delay passage of this legislation which will extend the current food stamp eligibility rules, and cash-out provisions for the five States, for 1 year, or we will saddle the States with the mammoth task of costly eligibility determinations. The extension will allow us the time to work toward a permanent solution to the knotty question of eligibility under the SSI program.

Mr. HOGAN. Mr. Speaker, I rise to state that I am fully in support of the efforts being made here today to get the Congress' fiscal house in order at long last.

Ever since I was elected to Congress in 1968, I have been among those urging a commitment to greater fiscal responsibility. Unfortunately, that commitment has not been strong enough with enough Members of this House, and the result has been a national economy suffering under the heavy burden of rampant inflation.

At the heart of our economic problems, in my opinion, is the policy which the Federal Government has followed with alarming consistency over the past 10 years—the policy of spending more money than it takes in.

This policy of deficit spending has brought about an increase of \$148 billion in the national debt over the last decade. Since 1964, the national debt has gone from \$317 billion to \$490 billion, and we are now paying nearly \$30 billion a year just for interest on the national debt.

This represents almost 10 percent of the entire Federal budget that we are spending just to pay for past economic mistakes.

When we talk of reordering priorities, we need look no further than this interest payment on the national debt to see one major area that could stand some reform.

We cannot expect inflation to be really slowed, or the dollar to be really sound, until we decide to stop spending money as if it grew on trees instead of coming out of the taxpayer's pocket.

I believe the legislation we are considering today represents a giant step forward in the process of regaining some sense of fiscal responsibility as well as budgetary authority.

In setting an overall target ceiling for congressional spending, this legislation for the first time says "No" to the spending spree the Congress has embarked on so many times in the past, with no regard for the means to pay our bills, and no thought given to the possible effects of such wanton spending on the Nation's economy.

If this spending limitation is set in conjunction with anticipated revenues for a given fiscal year, and if we do not exceed that limitation then we will be exercising fiscal responsibility. And any proposal whose cost would exceed that limitation should be made to provide for a system of taxation to pay for the excessive cost.

I believe this is the key to staying at a responsible level of Government spending, and I am committed to keeping a

close watch over the Nation's purse strings so that American people can keep more of their own money in their own pockets.

The bill would create a 23-member Budget Committee in the House and a 15-member committee in the Senate, with a joint professional staff to serve both committees.

These committees would recommend annual budget outlays, revenue levels, and other spending policies, and follow a step-by-step procedure for consideration of the budget that would greatly improve the efficiency and the overview capabilities of the Congress.

We have not had the benefit of such a centralized and comprehensive budget supervision in a very long time, and the results of this incohesive approach speak for themselves—a national economy too long plagued with the curse of inflation, a curse that has brought on higher and higher prices for consumer goods, demands for higher and higher wages, serious deficits in our international balance of payments, and a lessening of confidence in the American dollar within the world financial community.

We have the opportunity before us today to remedy these economic ills and to prevent them from recurring in the future. Let us seize the opportunity; let us enact this much-needed legislation.

Mr. SISK. Mr. Speaker, perhaps as never before, this Congress has the opportunity to strengthen and make meaning out of the separation of powers clause, one of the most fundamental provisions of our Government.

During the first session, the 93d Congress made a significant stride in regaining its rightful authority with enactment of the War Powers Act, and now it can take another step by passing the budget control bill.

Never before has one branch so effectively become the dominant force in American politics as has the executive branch. For the last four decades, the Congress has been playing subaltern to the President, watching as undeclared wars were fought, international agreements were entered into without benefit of treaty, and the Nation's priorities were set by the White House.

The Presidency has reached such a stature of political power and personal prestige that some believe it impossible for Congress to contest the executive branch on equal terms. But in what could be one of the most significant reassertions of congressional prerogatives, the Congress has the opportunity to stop the arrogation of power of the Nation's purse strings.

There are several significant provisions in the budget control bill, but none are as important as the prohibition against impoundment by executive fiat and the requirement that Congress, for the first time, establish national priorities and fix a spending ceiling for each year.

For the public, the legislation means two things: No longer will a President be able to arbitrarily withhold legally appropriated funds for programs, such as housing, education, and community development. Second, Congress cannot be a free-spending body, refusing to treat the

\$300 billion Federal budget as a total document but merely as a cumulation of figures for splintered programs which have no relationship to one another.

It is generally agreed, I believe, that budget reform would not be on Congress' docket had President Nixon not resorted to executive impoundments to eliminate domestic programs he did not favor. Surely, no President in this country's history has ever used impoundments to the extent Mr. Nixon has.

But the President is correct when he charges Congress historically has failed to control the budget. The Federal budget has steadily grown without Congress concerning itself too much with the totals, and clearly Congress has never made a concerted effort to identify the priority needs of the Nation. It has simply been too easy for both Chambers to pass supplemental appropriations bills when it became apparent that the programs they had approved demanded a far higher budget than was initially approved.

Congress must come to grips with the realization that it cannot continue to be the free wheeler any longer and that by establishing priorities, it must also be willing to eliminate or cut back on programs which are not successful or have basically only special interest appeal.

It will not be sufficient, however, for Congress merely to enact budget control legislation. We must make it work, we must be willing to hold to a spending ceiling, we must decide what are the Nation's most pressing needs. Without such commitment, then the legislation will only be paper and words without substance.

I know that the two men most instrumental for the budget control bill, the Honorable AL ULLMAN of Oregon and JAMIE WHITTEN of Mississippi, who co-chaired the Joint Study Committee on Budget Control, want and expect this legislation to work as intended.

I think this Congress owes Mr. ULLMAN and Mr. WHITTEN its thanks, and it clearly would be a disgrace to those gentlemen and to the Congress as a whole if we do not fully implement budget control and adhere to its provisions. After long and arduous hearings, which continued over several months, this legislation may have very well died had it not been for the perseverance of Mr. ULLMAN and his repeated pleas to the Rules Committee to keep working to make this proposal a reality.

I am sure no one knows more than Mr. ULLMAN of the strong amount of opposition that existed at one time over budget control legislation. But now, thankfully, that has been overcome to large degree, and much of the reason is a result of the work that Mr. ULLMAN gave to this very important piece of legislation.

Mr. Speaker, I also would like to commend the Rules Committee and the Honorable RICHARD BOLLING of Missouri, who chaired the House conference committee from which the final budget control legislation emerged. A great deal of time and effort has been spent for us to reach this point, and we should not forget to acknowledge those who designed the legislation and gave us the opportunity to

June 18, 1974

CONGRESSIONAL RECORD — HOUSE

H 5197

regain the authority that the Constitution gave us, but which we allowed to slip from our hands.

Mr. BROYHILL of North Carolina. Mr. Speaker, I rise in support of H.R. 7130, the Budget and Impoundment Control Act. As an original member of the Joint Study Committee on Budget Control, I believe the bill reported by the conference committee is a very good piece of legislation, one worthy of favorable consideration by my colleagues.

As we all know, the Constitution delegates control of the purse to the Congress. In this legislation, we are reaffirming the position of Congress as the guardian of the Treasury by establishing a legislative budget process for determining national policies and priorities and by providing for congressional review of any impoundment of funds by the executive branch. In our Government of shared powers, the spending of money is a two-stage process: First, the money is appropriated by Congress as a method of determining national policy; then, these funds are spent by the executive branch as a means of carrying out that policy.

Unfortunately, this has not always been the case, especially in recent years. In my 12 years in Congress, I have become increasingly concerned with the appropriations and budgetary process in Congress. The source of my concern lies in the procedural mechanics of the appropriations process. While these mechanics make it possible to reach legislatively wise and prudent decisions on individual programs, they also make it exceedingly difficult to frame our decisions in terms of the larger and equally important context of the budget—and the direction of the Federal Government—as a whole.

One of the leading factors in the breakdown of the appropriations process is the rapidly increasing size of the Federal budget. During the past 25 years, the budget has increased annually by \$15 to \$20 billion. At the same time, the size of the Federal deficit has grown, from \$1 billion in 1900 to \$500 billion in 1974. The United States is in the vise of a budget gone out of control. And yet, the Congress makes little, if any, effort to review the total budget and its implications for the American economy and the direction of general government policy.

A second major factor is the increasing number of programs funded by the Federal Government. Within the last decade, poverty, the environment, energy, and health care, have all become significant focuses of national concern. In response, the Congress has directed the Federal Government to implement programs to meet these concerns and, as a result, America is confronted with a complexity of national priorities. However, there is no institutional arrangement in the budget process of the Congress to facilitate the hard spending decisions which must be made between competing priorities and programs. This lack of an institutional procedure for crucial priority decisions leads to the partial funding of many programs, rather than the selective or full funding of the most

critical programs. The end result is a wasted taxpayer's dollar.

I firmly believe H.R. 7130 will correct these problems. First, the bill changes the fiscal year to an October 1 to September 30 cycle, giving Congress 3 extra months for budget work. Second, it creates new budget committees. Comprised of 23 members, the House Budget Committee, with the assistance of the Legislative Budget Office, would offer an initial budget resolution to be adopted by the Congress by May 1. This concurrent resolution would establish guidelines for the processing of appropriations measures through Congress: It would set tentative total levels for new budget authority and outlays, the appropriate spending level for each functional category in the budget, and the overall levels of Federal revenues, debt, and surplus or deficit. The second budget resolution, to be adopted by September 15, would establish the appropriate level of budget authority and outlays and, if necessary, call for implementing legislation to be reported out by the appropriating or revenue committees of Congress. The implementing legislation would be in the form of a budget reconciliation bill, providing for the rescission or amendment of appropriations or for adjustments in the tax rates. Following completion of this process, the appropriation bills would be sent to the President.

Title II contains the basic impoundment control features provided by H.R. 8480, which passed the House last July. I voted against H.R. 8480 because I believed that passing anti-impoundment legislation alone was not the answer; rather, the Congress must first exercise its responsibilities to set and to live with in reasonable spending levels. This is accomplished in H.R. 7130, and congressional control over impoundments can be viewed from an entirely different standpoint. First, there probably will not be any need for impoundments and, second, if impoundments do occur, they can be reviewed under the procedures established by this legislation. Briefly, if funds are impounded, the President has 10 days in which to transmit to Congress a special message setting forth the details of the impoundment. Impoundment of funds must cease immediately if either the House or Senate disapproves the action within 60 days of continuous session of Congress. If the President fails to transmit the impoundment message to Congress, the Comptroller General is to report the impoundment to Congress. Additionally, the Comptroller General is empowered to sue any department, agency, officer, or employee of the U.S. Government in a civil action to enforce these provisions.

Mr. Speaker, as I said at the outset, H.R. 7130 reaffirms congressional control over our Nation's budget and its programs and priorities. It is necessary legislation. As the conference report so aptly stated:

Congress must not permit its own vital and constitutional role in deciding spending priorities to lapse by default. It will surely do so if Congress does not provide a suitable and equitable institutional mechanism to preserve its legitimate prerogatives.

I urge the passage of this most worthwhile bill.

Mr. ALEXANDER. Mr. Speaker, the Congressional Budget and Impoundment Control Act of 1974 is the most significant piece of legislation to come under consideration by the 93d Congress. Indeed, putting a congressional halter on the Federal budget may very well be the most important legislation of this century.

The inability of Congress to control spending has eroded public confidence in the people's branch of our Government. People deserve a dependable level of fiscal responsibility. Under the present system Congress is fiscally irresponsible. The American people demand and deserve relief from the undermining forces of the spiralling inflationary trend that permeates our economy today.

Trust and confidence in democratic institutions is maintained by a proven ability to get the job done. And, if trust in the Congress is lost, the electorate will begin to depend totally on an unelected, unconfirmed, and undemocratic bureaucracy. Such is the case in our Nation. Executive impoundment is nothing less than an assertion of the legislative power to spend by the President and his advisers, because the congressional mechanism for handling the budget does not adequately protect the people's interest in a sound economy.

Through this landmark legislation, Congress for the first time will have a vehicle to commit itself not only to the stopping of debt creation, but also to the budgeting of a definite amount each year as a payment on the national debt.

Inflation is undoubtedly the most critical problem confronting this Nation today. Some economic advisers have taken the view that, if left alone, the disease will run its course and disappear. That may be fine for a common cold, but it is no good for pneumonia—and the present rate of inflation is clearly assuming the symptoms of the latter.

At present we are drifting toward the double danger of inflation and recession. But there is a way back to economic health and sanity. The Congressional Budget and Impoundment Control Act is the road to a sound economy. I urge my colleagues to support this legislation and restore the power of the purse to the branch of Government which our Founding Fathers intended.

Mr. O'NEILL. Mr. Speaker, I rise in strong support of this conference report and want to heartily commend Dick BOLLING and all the House conferees for their diligence and responsible efforts in giving us legislation which will restore to the Congress its rightful role in determining the spending priorities of this Nation.

This conference report is a balanced and workable compromise incorporating the outstanding merits of both House and Senate versions.

It promises meaningful and attainable improvements in the congressional budget process and will give to the Congress a stronger hand in deciding budget totals, and thus, in controlling runaway inflation.

It preserves and strengthens the authorization and appropriation machinery

H 5198

CONGRESSIONAL RECORD — HOUSE

June 18, 1974

of Congress, while at the same time enabling Congress to review and terminate the impoundment of funds by the executive branch.

The Constitution gives to the Congress the power to appropriate money and ultimately to control how that money is spent. The impoundment provision requires the President to come to Congress when he decides to impound. This is as it should be. For it is the rightful prerogative of the Congress, the branch of Government which controls the purse strings, to determine whether the recommended impoundments are justifiable and necessary.

This conference report provides a comprehensive approach to budget reform. It is the top priority of the House Democratic leadership and has the support and endorsement of the Nixon administration.

The time for Congress to reform its handling of the budget has come. I urge immediate adoption of this conference report.

Mr. BENNETT. Mr. Speaker, I rise in strong support of the conference report on H.R. 7130. This legislation has more potential for good for our country than any measure that has been before Congress in the last 26 years, the period of time that I have served here. This is true because the legislation will establish a workable procedure by which Congress can achieve effective command in the selection of priorities; and can take needed action to reduce and eliminate deficit spending and thus importantly stem the tides of inflation. There is nothing more destructive to our country today and nothing more hurtful to the citizens of our country today than the high and rising costs of living, the almost uncontrolled inflation that we are experiencing. Inflation hurts the people in their efforts to live normal lives within their available wages. It also hurts the efforts of the country to survive in a costly climate of increasing domestic and defense needs. Hopefully, this legislation will give Congress a handle on a way to bring all of this under control.

The legislation, when law, will still require a persistent will on the part of a majority of the House and a majority of the Senate to make the law work. I have confidence that the law will work. It is a good start. We must make it work.

Mr. FASCELL. Mr. Speaker, I rise in strong support of the conference report on H.R. 7130, the Congressional Budget and Impoundment Control Act of 1974.

It is imperative that the Congress strengthen its procedures for dealing effectively with its appropriations responsibilities. We must be able to review the overall spending picture—where the revenue is coming from and how it should be allocated—and tighten the congressional reins on the Federal budget.

In the past, I have sponsored legislation similar to this bill which would have required the House to make fundamental decisions on how much aggregate spending should occur and where the money would come from before it started to approve separate spending bills. Under that legislation, as under H.R. 7130, this House could not consider any appropriations

bill until it had first approved a resolution containing a legislative budget which included an estimate of tax revenues, expenditure ceilings for each appropriation bill and recommendations for handling differences between revenues and expenditures.

H.R. 7130 provides not only the machinery and procedure for developing a Congressional Budget, but also provides urgently needed technical assistance by establishing the Congressional Budget Office. One of the major problems has always been the difficulty of interpreting the budget documents submitted to the Congress by the administration. With the added expertise of the new Congressional Budget Office, we should be able to better assess the recommendations made by the executive branch.

Runaway inflation continues to plague every American family. One solution to that problem and the critical state of our economy as a whole is greater congressional control over Federal expenditures. Passage of the Congressional Budget and Impoundment Control Act will give us that control.

Mrs. SCHROEDER. Mr. Speaker, Congress as an institution is held in low esteem by the American people, and not without cause. Two of the most frequently voiced criticisms are of antiquated procedures which prevent the Congress from dealing realistically with the problems of our fast moving society, and of fiscal irresponsibility. In voting for passage of the Congressional Budget and Impoundment Control Act today, we have an opportunity to meet these criticisms and recapture for Congress control of the Federal budget.

More importantly, at a time when inflation is so serious that, in the words of Federal Reserve Board Chairman Arthur Burns, "the future of our country is in jeopardy," we will be able to establish spending limitations in an overall, coordinated fashion. Although economic experts disagree on exactly what should be done to cope with inflation and the additional threat of a serious recession, almost all are agreed that one element of any program must be a reduction in government spending and a balancing of the Federal budget. Our difficulty up to this point has been that we have had no procedure for reviewing the Federal budget—tax receipts as well as expenditures—as an integrated whole. The resources and procedures for review set up in the budget control act will allow us to restrain the level of Federal spending in light of receipts and at the same time exercise greater control in establishing budget priorities.

In arranging these priorities, we will need to be flexible, and see some of our favored programs be cut back in the interest of overall fiscal soundness. This includes flexibility in reviewing the military budget as it comes to us from the Defense Department. We must not, as we have done in the past, treat it as a fixed weight in the balancing process. Secretary Schlesinger has admitted that more than \$1 billion of the fiscal year 1975 budget request was for "pump priming"—an oddly timed and ill-conceived military solution for our economic trou-

bles. Even so, the new economic czar Kenneth Rush has stated that administration officials, in their new search to cut the Federal budget, will not touch defense spending. This, in spite of the admitted padding and in spite of the fact that several former high Defense Department officials have recently testified that an \$11 billion cut could be made in the Defense budget without impairing our military capabilities.

The second prong of the act, which sets up procedures for countering the abuse of executive impoundments, will further enable us to control spending and priorities. The arrogant treatment of Congress—and the people it represents—by the present administration, most recently exemplified by Mr. Rush's refusal to testify on Mr. Nixon's plans for the economy before the Joint Economic Committee, must be stopped.

At this critical time in our Nation's history, Congress must act to regain its constitutional power over spending and to fill the void in economic leadership left by our distracted Executive.

Mr. ANNUNZIO. Mr. Speaker, fiscal responsibility can be established or destroyed, recaptured or further banished from our public ethic, by two institutions: The President and the Congress. To this point in time, both institutions have contributed to our budgetary quagmire. However, it is too late for charges of fault. We must take positive steps to correct current inadequacies.

We in Congress have a heavy responsibility to bear in our authority to approve the spending of public funds. In order to exercise this authority with integrity and a real sensitivity to national needs, we need to consider more adequately the overall impacts of each of our financial moves. We need to have a more complete vision of where we are, and where we are going. We must be seriously willing to recognize that we simply can no longer afford to do whatever we want in the way of spending. And we must be willing to compromise the desires of special groups or constituencies when the national interest will be more beneficially served through such denial.

We must devote ourselves to finding and implementing measures which will assure that fiscal responsibility will once again be a national hallmark. It is time that we restored the public's trust in its Government.

It was for these reasons, Mr. Speaker, that I favored the creation of the Joint Study Committee on Budget Reform, and applauded its fine report when it came out last year. It was also for these reasons that I voted last December for H.R. 7130, the Congressional Budget and Impoundment Control Act of 1974.

Mr. Speaker, this is one of the most far-reaching pieces of legislation it has ever been my pleasure to support.

The amount of effort and commitment that went into this bill is unprecedented in my experience in Congress, and every person who contributed deserves the appreciation of this body and the entire Nation.

I called this bill far-reaching, and indeed it covers a wide variety of subjects, as it should. Practically every re-

June 18, 1974

CONGRESSIONAL RECORD — HOUSE

H 5199

form given life in this bill has merit—time and experience may reveal a few flaws, since nothing made by man is perfect—but it is my belief that the careful integration of many reforms in one bill is the keystone in the successful construction of a new budget-making process, just as the careful integration of many and diverse programs is the essence of making a budget.

It is for this reason that the requirement of annual congressional budget—a concurrent resolution which sets the size of the Federal budget and divides the whole among many parts—is such an important reform. Rather than having the budget be the result of haphazard and unrelated decisions on a mind-boggling array of choices, the concurrent resolution will allow the Congress of the United States to examine the entire budget in one piece, and then decide in a straight-forward manner how much to allot to competing priorities. The concurrent resolutions, and the mechanisms to make sure that they will be enforced, are really the heart of this budget reform bill, as far as I am concerned.

There are many other useful, even vital, features, however. To begin with, a Congressional Budget Office will be created, which will aid in redressing the imbalance of information which the executive branch commonly uses to its advantage and our embarrassment. The establishment of a professional and non-partisan Congressional Budget Office should be significant in helping each of us more fully to understand the budget and more effectively serve the people.

Another important, though controversial, aspect of the budget reform effort has been the attempt to bring “back-door” spending within the purview of the congressional budget, and allow the Appropriations Committees a greater role in controlling spending. By limiting the fragmentation of the budgetmaking process, this budget reform bill allows Congress to maintain a comprehensive and rational view of the Federal budget, and surely we can ask little more.

This bill also encourages the periodic evaluation of major Federal programs, and the pilot testing of new programs, to enhance the role of Congress in making sure that the American public gets full value for its tax dollar. And, speaking of taxes, the bill requires that the Budget Committees and the Congressional Budget Office spotlight the “tax expenditures budget.” In other words, the loopholes, exemptions, and deductions which are really hidden subsidies will be brought into the light so that Congress will have a more detailed and accurate picture of how the budget laws—both spending and taxing—really affect the country.

Yet another advantage to this budget reform bill is the ambitious timetable for the transaction of each year's budget business. It is certainly true that the May 15 deadline for reporting authorizations puts pressure on the legislative committees, and that the September deadlines for appropriations, the second concurrent resolution, and the reconciliation process may place a strain on the Budget and Appropriations Committees, and Congress as a whole. But it is hardly

too much to ask that we apply ourselves to the most important aspect of the Nation's business—surely with good will and hard work we can meet the deadlines. I, for one, have every expectation that the same spirit which has brought the budget reform bill this far will also bring about its final enactment as well as its successful implementation by the Congress.

Finally, I have always supported, and will continue to support, attempts to limit the impoundment of funds. Nobody wants public funds to be wasted and, if, through intelligent management, bits and pieces can be saved here and there, I will always applaud. But the “economical management” should never be used as an excuse to gut vital national programs. It seems most appropriate that provisions tying the reform of our budgetmaking process be tied to provisions which reform the budget execution process, as this bill does.

In conclusion, Mr. Speaker, I want to point out that this landmark legislation will enable the Congress to be responsible for devising the budget and for meeting our obligations, with no deficit spending, and in the event that we collect more money than we spend, this money will be used to pay off our national debt which has reached astronomical proportions. For America to survive, it is absolutely necessary for the Congress to insist on fiscal responsibility and to restore fiscal and monetary sanity.

The public has a right to expect a government which will go into debt only when absolutely necessary, and which will repay its debts during periods of national prosperity. To this end, I urge my colleagues to support the conference report on the Congressional Budget and Impoundment Control Act. We need fiscal responsibility now.

Mr. McCLORY. Mr. Speaker, I congratulate our conferees, and I rise in enthusiastic support of this conference report on H.R. 7130—the Congressional Budget and Impoundment Control Act of 1974. I urge my colleagues to join me in voting for this conference report. With an affirmative vote this afternoon, we can travel the final mile down the long legislative road to fiscal responsibility in Federal spending. Let us pass this conference report and move the financial procedures of the Congress into the 20th century.

Mr. Speaker, excessive deficit spending by the Federal Government is one of the principal causes of the rampant inflation that has been afflicting our national economy and causing extreme hardships for Americans at all economic levels. Now, for the first time in the history of the Federal Government, the Congress will have a method of reconciling competing claims for Federal funds within an overall scheme of national spending priorities. Under the procedures established by this legislation, the Congress will be able to develop a comprehensive spending policy that provides for the wisest allocation of the Government's resources while assuring a reasonable balance between Federal revenues and expenditures. For the first time, we in the Congress will be able to put Federal dollars where they are most

needed without risking the deficit spending that has fanned the fires of high inflation in recent years.

Mr. Speaker, enactment of budget control legislation such as H.R. 7130 has been one of my major goals since coming to Congress almost 12 years ago. In each Congress, I have watched the frantic rush of the committees to enact legislation within their jurisdictions with little regard for the overall fiscal integrity of the Government. Under this haphazard system, it has been impossible to formulate any sort of coherent congressional policy with respect to national priorities.

Mr. Speaker, we all know that the credibility of the Congress has suffered greatly for the lack of a reasonable budget control system. The trust of the American people has been abused. Passage of legislation with unrealistically high authorizations has raised false hopes on the part of the people. Expectations have been dashed when the appropriation bills go through. I look to this legislation to curb this damaging tendency of the Congress to overpromise results. It is certainly better for all concerned if the Congress will stop promising what it can't possibly deliver; and under the procedures of this act, the Congress will begin to deliver only on the basis of what it promises the American people.

Mr. Speaker, without denigrating the importance of tax reform, I want to remind my colleagues that passage of this legislation is unquestionably the most important step that this House can take in the fight against inflation in this session. With the national debt rapidly approaching one half trillion dollars, this budget control legislation is an absolute necessity. Today, let us vote to put a stop to deficit spending; let us vote for fiscal responsibility in the Federal Government; let us vote for this conference report.

Mr. ROBISON of New York. Mr. Speaker, I rise in support of this conference report and of this legislation, which—creature of compromise though it may be—is an extremely important step forward, in my judgment, in giving the Congress a realistic chance at recouping some of its power and proper control over the “public purse” that it has lost, by attrition, in recent times.

If that “power-of-the-purse” is a barometer of legislative vigor and purpose, then it is understandable, Mr. Speaker, why both we who serve in that legislature and those who are our constituents have been less than satisfied, of late, with our capacity and performance.

It was, so I am told, over the spending power that Parliament and Crown, long ago, waged an historic struggle out of which emerged the concept—later adopted on these shores—of the national legislature serving as a check on Executive discretion. Hence, when our Republic was formed, that issue was—if words could do it—decided conclusively in favor of Congress inasmuch as article I, section 9 of our Constitution declares:

No money shall be drawn from the Treasury except in consequence of appropriations made by law.

As a 10-year member of the House Appropriations Committee, while I am well aware of the fact that those words still reside in our Constitution, exactly as they were written 200 years or so ago, I also believe it true that—as Allen Schick, of the Congressional Research Service has written:

Bit by bit the spending power has gravitated from the legislative chamber to executive suites, and the power that once was the hallmark of legislative independence is a pale shadow of its original design.

The villain of the piece—if there is, indeed, one—would seem, however, to be less a series of Presidents greedy for power and authority, than the fact of the growth of American Government, itself, in which phenomenon the old question of "Who shall decide how much will be spent and for what?" gradually shifted, in any search for an answer, from Congress to President or, as is the case with "big government" today, to a sprawling and seemingly uncontrollable Federal bureaucracy with which even the "strongest" of recent Presidents have hardly known how to cope. Was it not, in fact, Czar Nicholas I, of Russia—an absolute monarch, if ever there was one—who bitterly complained: "Not I, but 10,000 clerks, rule Russia!"

Hence, if Congress has been in trouble when it comes to trying to control and direct a Federal Government constantly increasing in size—and I think we all admit it has—then recent Presidents have also encountered similar, if not precisely the same sort of, trouble. The source of that common trouble is the size of our National Government—spending something like one dollar in every four of our gross national product—which has simply become too big and too intricate to be run firmly, and I reiterate the word "firmly" for emphasis, by either the President or the people's representatives, so-called, no matter how well organized or pure they may be. Hence, Congress has delegated—abdicated, if you wish—its power over the purse increasingly to the President, which may seem like a sensible thing for anybody to do that finds itself with too big a job on its hands.

The initial recipient of that delegation of power has been the President—not, necessarily this President, but the Presidency, as an institution. But, then, he in turn—being only one person no matter all the current furor over what one author has termed "The Imperial Presidency"—has had to delegate, or abdicate, again if you wish, much of his supposed powers, however enhanced, to that self-same bureaucracy. So, I deem it altogether possible that not only the Congress, but often the President cannot get accurate information, and that the President—any President—must have every bit as much trouble as do we here on Capitol Hill when it comes to determining competing spending priorities and that same question of "How much will be spent and for what?"

And, so, Mr. Speaker, as I muse on these things, I recall President Truman's words on President Eisenhower's taking office—an Army man used to having his orders obeyed:

He'll sit there . . . and he'll say, "Do this! Do that!" And nothing will happen . . . Poor Ike—it won't be a bit like the Army. He'll find it very frustrating.

As, Mr. Speaker, I have to assume Mr. Nixon has—and Mr. Johnson before him, and even Mr. Kennedy before him, it having been an unidentified Kennedy aide who was quoted in Thomas Cronin's "Papers on the Institutionalized Presidency" to this effect:

Everybody believes in democracy until he gets to the White House and then you begin to believe in dictatorship, because it's so hard to get things done . . . Everytime you turn around, people resist you and even resist their own job.

Thus, I have to wonder, Mr. Speaker, why some in this present Congress seem as bent as they are on taking things out on Roy Ash's hide—or through him, as a symbol of what may well have been, for now, a necessary concentration of authority in the White House, on the hide of the Office of Management and Budget that he heads.

For, clearly, someone—I repeat, someone—around here has to try to coordinate and manage things at the White House level; at least unless and until the Congress, and hopefully this legislation will be a vehicle in that direction, can reassume the kind of responsibility for control, and management, that the Founders of our Republic envisioned it should have.

Equally clearly, in that regard, it is time—way past time—to seek to redress the balance; as this legislation attempts to do. Whether it works out that way, or not, depends, I suppose, on the faith and will we put into it in future fiscal years. At the very least, if it does not prove up to the task we have set ourselves, out of it may evolve a still better system that will work as its authors hope this one will.

But I would like to conclude these remarks, Mr. Speaker, with the suggestion—not mine, but one proffered by Arthur S. Schlesinger, Jr., in his book on "The Imperial Presidency"—that:

The answer to the runaway presidency is not the messenger-boy presidency. The American democracy, Schlesinger argues, must discover a middle ground between making the President a czar, and making him a puppet.

I find those very wise words, Mr. Speaker, even in this emotion-laden time when Watergate—with all its broad impact and our preoccupation with it—may often tend to distort our thinking. As I said a few months ago, in my brief colloquy with the distinguished gentleman from Nebraska (Mr. MARTIN)—to which the distinguished gentleman from Michigan (Mr. CEDERBERG) made a helpful contribution—it is already apparent that, next week, when the Treasury-Postal Service and general Government appropriation bill comes to this floor, an effort will be made to drastically cut the appropriation item as voted therein by a majority of our subcommittee for the Office of Management and Budget. I can understand the motivation of those who will offer such an amendment, and of those who may then be inclined to support it, for OMB—and Roy Ash, as its

present Director—is no more popular than any disciplinarian or watch-dog, in any other field of human endeavor. And when one adds on top of that fact, Mr. Speaker, the fallout from "Watergate" and of the felt need here on Capitol Hill to redress the balance as between President and Congress, next week—when we are not operating in the genial and objective and responsible atmosphere that prevails here this afternoon—it may seem to be an appropriate thing to do to knock Roy Ash and OMB back a little bit; after all, some will then ask themselves, what harm could that do?

Well, the clear and obvious harm it could do, Mr. Speaker, is to the potential effectiveness of the action we take, here today. For, as I read and understand the thrust of that action, OMB's duties and responsibilities will, in all likelihood, be enhanced and increased, rather than lightened and reduced, once the rather complicated congressional machinery contemplated under that action is in place—particularly in its first year of operation, what with the proposed shifting of the beginning of the fiscal year to October 1st, the new reporting duties laid upon OMB in the attempt at limiting Presidential impoundments as set forth in title X of the final draft of this legislation, and so forth.

I understand that most of this—except for "dry-runs" with regard to fiscal year 1976—is not required to be in place until new fiscal year 1977 but, even so, I strongly argue that you do not build up the Congressional capacity to deal more effectively with budgetary challenges by tearing down the Executive Branch's existing capacity to seek to deal, as best it can, with those challenges if we fail in our initial efforts. Perhaps OMB, under the concept therefor as developed by the current administration and under Mr. Ash's personal style, has ventured too far into the so-called "management" field—that is a matter for debate. But, even if so I submit that you cannot cure that problem by gutting an agency—as we may be tempted to consider doing next week—that had, as the old Bureau of the Budget, 435 authorized personnel in fiscal year 1959, when I first came here and when the total Federal budget was only \$92 billion, and that now has, as the Office of Management and Budget, still only 660 authorized personnel striving to handle the current fiscal year 1974 budget of over \$274 billion, and has requested 691 people to try to deal with the challenges of the projected over \$304 billion budget in fiscal year 1975.

Mr. Speaker, I fully realize that I have strayed rather far from the point of my earlier comments on this legislation. Yet, the point I have here been seeking to make is, I feel, an important one—to be summed up, I suppose, in the hope that this House will not be responsible one week, as I believe we are in approving this conference report, only to be almost equally as irresponsible next week.

Mr. HARRINGTON. Mr. Speaker, I rise in opposition to the conference report on H.R. 7130, the Budget and Impoundment Control Act of 1973. While it is difficult to argue with the concept of improved congressional control over the

June 18, 1974

CONGRESSIONAL RECORD — HOUSE

H 5201

massive Federal budget, it is unfortunate that this bill accomplishes these goals in little but name.

Too often in the past I have found myself in the position of voting for legislation with which I had serious reservations and because in far too many cases such bills came before the House on a take-it-or-leave-it basis. Today, however, we consider a budget control bill which is so totally unworkable that even the valid need for fiscal responsibility should stampede none of us to its support.

H.R. 7130 is a bill whose time has come—and gone. Without intending to disparage the good faith efforts of the authors of this legislation, it is hard to avoid the conclusion that this legislation is a reaction to a political climate that ceased to be a reality months ago.

It does not seem to me that the answer to the need for better budget control is to be found in the rigorously structured system proposed in H.R. 7130, a system which would make the budget process in the House more unresponsive to the needs and conditions of our country than it already is. We cannot hope to impose an arbitrary formula upon a very complex system and expect it to work, for it will not.

The first question about any administrative reform has to be: Will it work? However good the intention of any proposal, if it will not work when implemented, it will be a failure. But, how would the budget formulation process work under the legislation we are considering today?

By January 15, the President would have to submit his proposed budget to Congress.

By March 15, the Appropriations, Ways and Means, Joint Economic and other committees would have to submit budget recommendations to the Budget Committees. By April 1, all authorizing legislation to be funded during the upcoming fiscal year must be approved. By May 15 Congress must approve the first concurrent resolution establishing a tentative congressional budget. Congress then has May, June and July to act on all appropriations bills, none of which can be considered on the floor unless all are complete and a summary report is available. By early September, Congress must complete action on all 13 appropriations bills, holding any bill in excess of the targeted subceiling set out in the first concurrent resolution. By September 15, Congress must approve a second concurrent resolution revising or reaffirming the budget set out by the May 1 resolution, and if necessary directing the Ways and Means and/or Appropriations Committees to report out legislation reducing appropriations bills and/or raising additional revenues, and/or raising or lowering the national debt ceiling. By adjournment, Congress would be required to complete action on the final resolution and legislation necessary to bring about compliance with total revenue, debt, deficit, and spending totals and subtotals.

Now I ask you, Mr. Speaker, can any Member of this body really believe that such a schedule of events is at all realistic given the way in which this body

works? It is not, and H.R. 7130, for all its good intentions, will not work.

This fault alone should be enough to defeat the proposal, but it is not all. When I compare my own sense of what the goals and means of budget control should be to what would actually be accomplished by this legislation, I find that H.R. 7130 may be a step in the wrong direction. For example, one of the more disturbing facets of the current budgetary process is that it is, in many ways, unrepresentative as a handful of Members now exercise authority over budgetary matters that is well in excess of their numerical proportions. Would H.R. 7130 make the budget process more representative?

The answer is, unfortunately, that it would not. In effect H.R. 7130 would increase the control of a few Members of Congress over the budgetary functions of the legislative branch, both in terms of the composition of the Budget Committee that is to be created, and in terms of the procedures that will be used. The net effect of these shortcomings will be to worsen the ability of the Congress to control the Federal budget vis-a-vis the executive branch.

H.R. 7130 effectively reproduces the existing situation of excessively centralized, undemocratic input into the budgetary process in two ways. First, it requires that a majority of the Budget Committee be comprised of members of the Ways and Means and Appropriations Committees and the party leaderships. In this way, the traditional authority of the party caucus system over committee membership would be dangerously eroded, raising the danger of a situation in which a minority of the majority party and a majority of the minority party could combine forces and dominate the entire committee system of the House. Second, by instituting such a rigid timetable, the legislation promotes a relatively homogeneous committee composition—for without a consensus of opinion on budget priorities, the proposed deadlines cannot be met. This situation, of course, is anything but conducive to a redirecting of misdirected budget priorities.

The procedures of H.R. 7130 will make it increasingly difficult for the Congress to be responsive to the changing needs of the country, as well as having the effect of frustrating congressional efforts to reorder the budget priorities laid down in the administration budget request. By locking the Congress into an ill-defined set of target ceilings, denying, in most instances, the opportunity to fund new authorizing legislation after the first few months of each session, and by cramming Congress into a rigorously paced budgetary structure, it is reasonable to expect that the Congress, for want of ample time and opportunity to do otherwise, will increasingly stick to the budgetary proposals already formulated by the executive branch.

The fact that the target ceilings are based on the functional categories of executive budget requests while the appropriations subcommittees correspond to these categories only in coincidental ways, means that only members of the

Appropriations Committee—if even these individuals—and possibly the Director of the Legislative Budget Office, will have any idea of whether the target ceiling figures are in fact being met. To make matters worse, the requirement that all appropriations measures be held up for floor consideration until all are completed and a summary report is available, raises the likely prospect that all 13 appropriations bills, involving billions of dollars of public funds, will come in a mass to the House floor late in July, so that the House will have its back to the wall as far as meeting the August 1 deadline for completion of appropriations actions. I think it a matter of critical importance that the Congress have ample time to consider appropriations legislation—which even under our loose contemporary system we rarely have—but under H.R. 7130 the situation would be further exacerbated.

We have all witnessed the decline in the authority of Congress over critical governmental functions. H.R. 7130 would, in a sense, make matters worse, not better. During the consideration of the first concurrent resolution that sets target ceilings, the political pressure upon the Congress to “underbid” the executive branch would probably be irresistible.

This pressure, a result of the desire of most Members to avoid the tag of being “fiscally irresponsible” would make the possibility of a budget ceiling set higher than that proposed by the President most unlikely. This would enable a President to set an unreasonably low Federal budget—with most of the loss coming, as it almost always seems, to social programs—without any real fear of being challenged by Congress. What is more, at each step in the process Congress would again be exposed to a politically vulnerable situation. What would happen, I feel I should ask, if something analogous to the energy crisis happens 10 years hence, under the budget control system proposed by H.R. 7130? Would Congress be able to respond by passing urgently needed multibillion-dollar energy research and development legislation? It would be very difficult. What about meeting a sudden drastic need for greater unemployment compensation—a need that might not be foreseen and that could not wait. How would we be able to deal with this sort of need that would throw all of the carefully constructed, intricate budget tables out of whack? So much for being “responsive.” More than likely, the reality of our situation under these procedures would be to follow the lead of the Executive like placid and obeying lambs.

Time and time again I have taken the floor of this House to oppose what I view to be the remarkable deference of Congress to other parts of our Government—be it the President, or the Pentagon, or some other figure or institution wrongly held to be something akin to inviolate. To some degree now this deference is voluntary, but under the system of H.R. 7130 it would become a structured fact of life, probably inescapable. How could we, trapped in a lock-step budgetary process, reasonably hope to be able to substitute our judgment for that of the Executive

when it comes to budgetary priorities? We will be far too obsessed with meeting the deadlines, timetables and schedules to be able to take time out to give hard, critical thought to what the realities of the country's needs are.

My essential point is that while we need budget reform, while we need to better monitor "backdoor" spending and tax expenditures, these needs should not force us to rush into ill-considered and hasty action, however good the motivations. Our actions today take only a matter of hours, but we will have to live with their repercussions for years to come.

H.R. 7130 also provides for impoundment control. The conference report outlines two types of requests by the President for impoundment of funds: Rescissions concern the termination of obligations of budget authority, while deferrals concern the delaying of obligations. To prohibit a deferral, either House must pass an impoundment resolution at any time after receipt of the deferral request. It is conceivable, therefore, that without such positive action from either House, deferrals could tend to become permanent impoundments of funds. By permitting the President to suspend the allocation of funds previously authorized by the Congress, this procedure requiring congressional action to disapprove deferrals implicitly accepts the legitimacy of the principle of impoundment. Ratifying such a procedure, through the adoption of H.R. 7130, would, I believe, further dissipate rightful congressional authority over appropriations.

A great deal of genuine reform is needed within the Congress, but change for the sake of change is not reform by another name. We need to democratize our budgetary process. And we do need to make our budgetary process more responsive. But meeting a stiff timetable cannot be equated with fiscal responsibility. The actual result of H.R. 7130 will be an undermining of the interests of the country—an appearance of budgetary reform without real substance.

Mr. FOUNTAIN. Mr. Speaker, the spectre of inflation overshadows our land today, making necessary the rediscovery of a sense of fiscal responsibility at all levels of government, especially the Federal, as well as in the hearts and minds of Americans everywhere.

With these facts before us, it is great to anticipate that H.R. 7130 will soon become law.

The Budget and Impoundment Control Act of 1974 is an extremely important first step toward getting national spending under control and insuring that the Congress will examine all future spending plans in the light of what is available to spend.

Regrettably, that has not been the case in the past—one reason why deficit spending has become almost a permanent fixture in our country throughout the lives of the majority of our citizens.

In my opinion, Mr. Speaker, the legislation embodied in the conference report being considered today contains appropriate legislative machinery to enable the Congress to get the job done—to

move us toward the promised land of fiscal responsibility.

The provisions of this legislation are extremely sensible. Establishing a Budget Committee to concentrate on budget totals and make appropriate decisions makes sense—good sense.

Setting up a Congressional Budget Office to search out the facts for the Congress, so that we can make decisions on the basis of more accurate, unbiased information, makes sense, too.

The budget procedure called for is also something long needed. The same is true for other major provisions of the act, such as the impoundment control section.

Though kinks have a way of showing up in every new undertaking—doubtlessly we will have to make some minor corrections after the new system gets underway—what we are considering today bids fair to be an effective instrument for responsive and responsible action.

One thing we must keep in mind, however, is the continuing requirement for a strong will and determination on the part of each Member of Congress to make the new machinery achieve the desired goal of fiscal responsibility.

Remember, too, that it will not work well nor accomplish much unless the majority of the American people also have a strong will and determination to make it work. In short, there must be wide public support for control of spending before it will be controlled.

If we pass an effective bill here today—one that sets forth good legislative procedures for budget control and therefore for responsible expenditures—and ultimately proceed to legislate beyond those controls, then what we do here today will mean little. Following that course would mean the negation of all that we are hopefully accomplishing by the passage of this act.

But, I do not believe this body—the House of Representatives—will make such a mistake. To do so could be fatal to America's future by allowing inflation to rage unchecked, gnawing away at the vitals of our society.

I feel that this House has at long last waked up to the necessity for setting up the right kind of legislative machinery and for making it work. The present rate of inflation is a good "waker upper."

There is an imperative need for everybody to work cooperatively together to beat inflation. It is time for labor and management, for the Congress and the President, for State and local governments likewise, and even more essentially for large segments of the American people—however meritorious their needs—to stop demanding that government, especially the Federal, continue spending more than we have and much more than we are earning.

Summing up my attitude toward H.R. 7130: By passing it we will be taking the first step of a first step. We will be taking the first step toward a fiscally responsible Federal budget, which will be in itself the first step toward controlling inflation.

America's tomorrow will be bleak if we do not choose to act responsibly today.

Mr. FINDLEY. Mr. Speaker, at long last Congress has established businesslike control over the purse strings of government. It has been no small task. When I first began my own intensive study of the problem in the fall of 1971, I was astounded at how little attention it had received over the years. No doubt much was done in the past which escaped my attention, but inquiries I made of long-time professionals in the appropriations and tax-writing field disclosed almost no literature on the problem. Ken Sprinkle, the former clerk of the House Appropriations Committee, was most helpful to me in my search and led me to what little information there was.

Almost everyone familiar with congressional procedures has recognized the existence of the problem for many years, but few are those who sat down, studied the problem and put the results of that study on paper. Rare indeed has been the person in public office willing to venture into the field of actual drafting.

The power of the Congress has waned substantially and, I think, dangerously in this field. All of us must share the blame. We have tended to take the easy way out. It is easier not to set priorities than to set them. It is easier to authorize expenditures without deciding at the same time how the revenue will be provided. It is easier to appropriate money piecemeal from the President's budget requests than to adopt a budget ourselves.

Fifty years ago, the Congress established the present appropriations system. The purpose was to bring under a single committee's discipline management of the expenditure process. Today, however—at least on the House side—the Appropriations Committee functions not as a single entity, but as 13 separate ones.

The waning of congressional control of the purse strings has been one of the main factors causing public confidence in the Congress itself to wane.

For this reason, late in 1971 I began an intensive study of the problem and ways to meet it. The resolution I finally drafted, House Resolution 1020, specified that the House could not consider any appropriation bills until it first approved a resolution containing a comprehensive Federal budget for the ensuing fiscal year.

The budget resolution would include an estimate of tax revenues, expenditure ceilings for each main appropriation bill, and recommendations on handling differences between revenues and expenditures. If expenditures exceeded revenues, for example, the resolution would have included a recommendation to raise taxes or increase the Federal debt, or a combination of both.

Once the budget resolution was approved, appropriation measures would be handled in customary fashion, with one important exception. Two-thirds affirmative vote would have been required for the House to approve any appropriation bill which exceeded the provisions of the budget resolution.

House Resolution 1020 was cospon-

June 18, 1974

CONGRESSIONAL RECORD — HOUSE

H 5203

sored by more than 25 Members of the House.

On the first day of the 93d Congress, I reintroduced my proposal with several important changes. House Resolution 17 required two preliminary steps before the House could consider an appropriation bill:

First, the adoption of a resolution from the Appropriations Committee containing a comprehensive budget for the ensuing fiscal year. The budget would require for each appropriation bill category and for each nonappropriation action, a ceiling on obligational authority and a ceiling on outlays. It would relate these figures to estimated revenues from all sources for the year.

Second, the adoption of a resolution from Ways and Means Committee containing recommendations as to the levels of public debt and aggregate Federal revenues necessitated by figures on outlays and receipts contained in the first resolution.

Then and only then could the appropriation process begin. Then and only then could nonappropriation measures be considered which had the effect of authorizing outlays and/or obligations. And each such measure would have to be tested against the budget as adopted by the House. First, it would have to be tested against the budget provision for obligational authority, and second, it would have to be tested against the budget provision for outlays. If it exceeded the budget provision on either point, the measure could pass the House only by the approval of two-thirds of those present and voting.

Conference reports would also have to pass the same double test.

This approach was strikingly simple. It relied upon the existing institutional structure of the Congress.

Writing for the Reader's Digest, former Budget Director Caspar Weinberger described House Resolution 17 as a proposal which "would enable Congress for the first time to approach the budget question sensibly."

The new Congress was determined to enact budget reform. A joint study committee was appointed and lengthy hearings were held.

When I appeared before the committee to explain the various provisions of my bill, I pointed out the unbusinesslike character of our national finances. Almost every business firm and municipality in the country—even the smallest—adopts a budget before it starts spending money for the coming business year. Ironically, the institution charged by the Constitution with controlling the largest business in the country, the Federal Government, does not adopt a budget. To be sure, the President proposes one, but at no time does the House of Representatives adopt the President's budget or one of its own.

The bill which emerged from the committee was quite similar to my own. The committee recognized the need to establish limits on obligational authority and kept the provision requiring a two-thirds vote to exceed budgeted limits.

The work of the study committee, and the House Rules Committee, will stand

as a monument to the determination of the 93d Congress to bring inflation under control. With double-digit inflation now a fact, their work comes none too soon. As Chairman Arthur Burns stated recently at Illinois College:

If past experience is any guide, the future of our country is in jeopardy. No country that I know of has been able to maintain widespread economic prosperity once inflation got out of hand. And the unhappy consequences are by no means solely of an economic character. If long continued, inflation at anything like the present rate would threaten the very foundations of our society.

Dr. Burns continued:

I cannot emphasize too strongly that monetary policy alone cannot solve our stubborn inflationary problem.

We must work simultaneously at lessening the powerful underlying bias toward inflation that stems from excessive total demands on our limited resources. This means, among other things, that the Federal budget has to be handled more responsibly than it has been in the past.

Incredible though it may seem, the Congress has been operating over the years without any semblance of a rational budget plan. The committees that consider spending operate independently of the committees that consider taxes, and appropriations themselves are treated in more than a dozen different bills annually. All of this means that the Federal budget never really gets considered as a whole—a fact which helps explain why it is so often in deficit.

Fortunately, after many years of advocacy by concerned citizens and legislators, this glaring deficiency in the Congressional budget process is about to be remedied. Bills that would integrate spending and taxing decisions have passed both the House and the Senate. This is a most encouraging development, and we may confidently expect final action soon by the Congress on this landmark legislation.

Procedural changes, however, will mean little unless the political will exists to exploit the changes fully. And this can happen only if the American people understand better the nature of the inflation we have been experiencing and demand appropriate action by their elected representatives.

In the final analysis, the only way to successfully fight inflation is to demonstrate the political will to master it. The conference report before the House today is the first step in that fight. I believe that it is an important step, and I believe that we will be successful.

Mr. REUSS. Mr. Speaker, I rise in support of the conference report on H.R. 7130, the Congressional Budget and Impoundment Control Act of 1974.

As a member of the Joint Study Committee on Budget Control, upon whose recommendations the legislation now before us is based, I have been involved with the issue of congressional budget reform for some time. Budget reform was badly needed 18 months ago, when the Joint Committee started meeting. It is even more urgent today. With a fiscal 1975 Federal budget of more than \$300 billion, Congress must regain effective control over the increasingly technical and complex process of setting national priorities and spending levels. H.R. 7130 would provide the tools to do so. I commend my colleagues of both parties who have worked long and hard to bring this legislation to the floor today.

In particular, I commend the Senate

which passed, and House conferees who retained, language incorporating control over tax expenditures in the reformed congressional budget process. The House bill, excellent in most respects, contained a serious flaw. While direct expenditures—outlays, new budget authority—were made subject to congressional control, tax expenditures—tax forgiveness of various kinds—were not.

Yet tax expenditures are estimated to cost the Treasury some \$77 billion in fiscal 1975—about one-fourth as much as total direct expenditures. Clearly, to leave a gap of that magnitude in the congressional budget procedure would have undermined severely the effectiveness of budget reform.

What are tax expenditures? They are special provisions in the tax code giving financial assistance to specific persons, or activities. Tax expenditures include credits, deductions, lowered tax rates, deferred taxes, all of which result in reduced tax liability. There are many examples: investment tax credit, pollution control facilities amortization, sick pay exclusion, dividend exclusion. Some tax expenditures are good, others not so good; some began as experiments, and have never been reevaluated; some have been made obsolete by events. Whatever their individual merits, tax expenditures must certainly be included with direct expenditures to give Congress a comprehensive look at real spending priorities and the different ways in which national goals may be accomplished.

According to the Senate-passed bill, as revised slightly by the conference committee, a list of current tax expenditures must be included in the report accompanying the concurrent budget resolution. This resolution must be adopted before any bill affecting revenues may be passed. After the first resolution, any bill or amendment providing new or increased tax expenditures must contain, in the accompanying report, a statement prepared by the Congressional Budget Office, setting forth: First the impact of the proposed legislation on tax expenditure levels in the most recent concurrent budget resolution report, and second the projected impact of the proposed tax expenditure over the 5 years. Finally, the conference bill specifies that once the second required concurrent budget resolution and bill of reconciliation—if needed—are passed, any measure reducing revenues below specified levels is subject to a point of order.

The conference committee, then, has improved upon the House-passed version of the budget bill by integrating tax expenditures into congressional consideration of the budget.

I urge my colleagues to support the conference report on H.R. 7130, and to make possible more effective congressional control over Federal spending and revenues.

Mr. TAYLOR of North Carolina. Mr. Speaker, I rise in support of this conference report which establishes a budget committee and enables Congress to focus on budget totals and establishes a congressional budget office to increase congressional sources of budget information.

The Budget Committee would be charged with the responsibility of determining a spending limitation at the beginning of each session of Congress. Congress would then have the authority to increase the spending limitation in certain categories only by reducing it in others.

We all know that deficit spending has been one of the causes of inflation and of many of our national problems. It is imperative that Congress face up to the responsibility of fiscal integrity, and this legislation should become a useful tool in securing this result.

In the past we have not been able to look at the budget as a unit, but have made piecemeal appropriations. Too often one hand has not known what the other was doing. This legislation by itself will not assure fiscal integrity, but it is a step in that direction.

It is important that a budget resolution be adopted by both Houses of Congress before appropriations bills are acted upon and the Members of Congress resolve to exercise discipline and restraint and to make certain that this legislation is used to improve fiscal procedures, with a view of stopping deficit spending.

Mr. PEPPER. Mr. Speaker, we are today enacting a measure which is momentous in its significance. By the adoption of this conference report Congress will undertake the heavy responsibility of discharging its duties as defined by the Constitution of making its own budget and taking the responsibility for the revenue received by the Government of the United States and the expenditures made by it. Many years ago the Congress set up the Bureau of the Budget which later became the Office of Budget and Management, both under the direction of the President. The Budget Bureau of the Office of Budget and Management, with the President's approval, prepared the budget which was submitted to the Congress by the President. This was a great task requiring the participation of many people and long and tedious periods of labor by those involved. Then Congress acted upon that budget—approving, disapproving, modifying items on the total. We will henceforth, after the enactment of this conference report and the approval which we hope the President will give it, continue to receive the budget from the President but it will simply be information for us. We will proceed to make our own budget. The making of our own budget will involve difficult tasks, long and tedious labor, and an able staff assisting the Congress through the Budget Office created by this bill. We shall have difficult decisions to make in determining that we are going to be responsible in the expenditures that we make and we are going to make conscious decisions as to whether we have a deficit between receipts and expenditures and, if so, how much that deficit shall be. We are going to have to determine not only the amount of money we spend on behalf of the Government but what the order of priorities of those expenditures shall be. We shall determine not only what we spend but to what purpose we spend.

Under this measure a rigid timetable for the performance of all these many

duties in making its own budget by the Congress must be set. It will be difficult to keep that timetable. We shall have to impose stern discipline upon ourselves as Members of Congress if we are to make this bill work. We not only take responsibility for expenditures but we undertake to relate expenditures and revenue to keep them in proper relationship one to the other. If we carry out this measure we will make our budget and pass the necessary appropriation bills by the end of the fiscal year—and I think we wisely changed the fiscal year from ending June 30 to ending October 31. The Congress is to be commended upon undertaking this great responsibility and committing itself to discharging it competently and creditably.

One of the most significant features of this bill is to forbid the Executive to impound funds that Congress authorizes and appropriates pursuant to our own budget. The Constitution says that the President shall see to it that the laws are faithfully executed. The Constitution never contemplated that the Executive would hold up the expenditure of funds authorized and appropriated by the Congress. Yet, many Presidents have done that. This administration has done it more than any other. We must clarify the constitutional responsibility of the Congress and of the President. This bill makes it clear that it is the responsibility of the Congress to authorize and appropriate expenditures. It is the duty of the President to see to it that the laws authorizing and appropriating the funds for such expenditures are faithfully executed like other laws. This too is a most significant step forward by the Congress.

Mr. Speaker, we have enacted many reforms in the last few years in the Congress. This, I believe, is our greatest. It is indicative of the fact that Congress is not moribund, incapable of acting, unwilling to meet and to measure up to the challenge of its responsibilities. We are passing this bill with the spirit of determination to make it work. If we do we will have vindicated the faith the forefathers put in us that we would do it and also the confidence of the people of this country who have been wanting us to do it and are going to trust us to perform these great duties.

Mr. HOGAN. Mr. Speaker, I rise to state that I am fully in support of the efforts being made here today to get the Congress' fiscal house in order at long last.

Ever since I was elected to Congress in 1968, I have been urging my colleagues to join me in a commitment to greater fiscal responsibility. Unfortunately, that commitment has not been strong enough with enough Members of this House, and the result has been a national economy suffering under the heavy burden of rampant inflation.

At the heart of our economic problems, in my opinion, is the policy the Federal Government has followed with alarming consistency over the past 10 years—the policy of spending more money than it takes in.

This policy of deficit spending has brought about an increase of \$148 billion in the national debt over the last decade. Since 1964, the national debt has

gone from \$317 billion to \$490 billion, and we are now paying nearly \$30 billion a year just for interest on the national debt.

This represents almost 10 percent of the entire Federal budget that we are spending just to pay for past economic mistakes.

When we talk of reordering priorities, we need look no farther than this interest payment on the national debt to see one major area that could stand some reform.

We cannot expect inflation to be really slowed, or the dollar to be really sound, until we decide to stop spending money as if it grew on trees instead of coming out of the taxpayer's pocket.

I believe the legislation we are considering today represents a giant step forward in the process of regaining some sense of fiscal responsibility as well as budgetary authority.

In setting an overall target ceiling for congressional spending, this legislation for the first time says "no" to the spending spree we have embarked on so many times in the past, with no regard for the means to pay our bills, and no thought given to the possible effects of such wanton spending on the Nation's economy.

If this spending limitation is set in conjunction with anticipated revenues for a given fiscal year, and if we do not exceed that limitation, then we will be exercising fiscal responsibility. And any proposal whose cost would exceed that limitation should be made to provide for a system of taxation to pay for the excessive cost.

I believe this is the key to staying at a responsible level of government spending, and I am committed to keeping a close watch over the Nation's purse-strings so the American people can keep more of their own money in their own pockets.

The bill would create a 23-member Budget Committee in the House and a 15-member committee in the Senate, with a joint professional staff to serve both committees.

These committees would recommend annual budget outlays, revenue levels and other spending policies, and follow a step-by-step procedure for consideration of the budget that would greatly improve the efficiency and the overview capabilities of the Congress.

We have not had the benefit of such a centralized and comprehensive budget supervision in a very long time, and the results of this incohesive approach speak for themselves—a national economy too long plagued with the curse of inflation, a curse that has brought on higher and higher prices for consumer goods, demands for higher and higher wages, serious deficits in our international balance of payments, and a lessening of confidence in the American dollar within the world financial community.

We have the opportunity before us today to remedy these economic ills and to prevent them from recurring in the future. Let us seize the opportunity; let us enact this good legislation.

Mr. DRINAN. Mr. Speaker, today I will join with a majority of my colleagues in approving the conference report on

June 18, 1974

CONGRESSIONAL RECORD — HOUSE

H 5205

H.R. 7130, the Congressional Budget and Impoundment Control Act of 1974. I cast my affirmative vote with great reluctance for I do not believe that this legislation will fully restore effective control over the budgetary process to Congress. The decline of congressional authority in this area coupled with the Nixon administration's unprecedented and illegal impoundment of appropriated funds have threatened to make a mockery of our system of government.

The shortcomings of the bill which has emerged from the conference are virtually the same as those which I enumerated when this bill came before the House last December. First, the stipulation that 10 of the 23 members of the House Budget Committee shall come from two standing committees represents a backward step away from congressional reform. Second, the tight schedule of budgetary formulation and approval established in the bill will further decrease the extent to which most Members can participate substantively in the budgetary process. When appropriations bills funneled through the process established in H.R. 7130 come to the floor for a few hours of consideration, the House can legitimately add little more than its rubber stamp approval. Third, by placing all "backdoor spending" under the jurisdiction of the Appropriations Committee, the bill grants this one committee increased power over the Federal budget at the expense of the House Membership as a whole.

Finally, the bill would recognize the validity of Presidential impoundment unless Congress acted specifically to negate the President's action within 60 days. I am wary of any legislative provision which accepts, under any circumstances, actions by the Executive which impinge upon the constitutional authority of Congress to appropriate funds from the Federal Treasury.

Despite all of these shortcomings in the bill before us, I believe it is imperative for the House to act immediately to curtail further acts of impoundment by the Nixon administration. Continued inaction on this front will demonstrate congressional acquiescence to this flagrant abuse of power by the executive branch. Thus, I believe that the budgetary control mechanism and anti-impoundment provisions of H.R. 7130 are better than no legislation at all.

Mr. MATSUNAGA. Mr. Speaker, as a cosponsor of the bill and one who has been intimately involved with this legislation for some time, I am pleased to rise in support of the conference report accompanying the bill H.R. 7130, the proposed Congressional Budget and Impoundment Control Act of 1974.

Not only does this bill reassert the constitutional role of the Congress in the Federal budgetary process, it also provides a procedure for effective congressional review of impoundment actions by the executive branch.

Each year the country endures the inefficiencies inherent in continuing resolutions. This is a cumbersome procedure at best, taxing the schedules and resources of the Congress, executive agencies, and beneficiaries involved. Hopefully, the process called for under

H.R. 7130 will eliminate the need for such stop-gap remedies.

Initially, the bill changes the fiscal year to a new date, beginning October 1 and ending on September 30, from the present fiscal year which begins on July 1 and ends on June 30. This will allow more time for the preparation of the budget by all the departments of Government concerned. Then a timetable is envisioned for passage of the various bills and resolutions needed before the fiscal year begins.

The bill will also establish Budget Committees in both Houses of Congress, and a separate Budget Office. This new Budget Office will greatly enhance Congress' ability to obtain data it needs to evaluate Executive budget requests.

One of the most important features of the bill, Mr. Speaker, is the impoundment title, which tightens the language of the Anti-Deficiency Act, thereby prohibiting "reserves" for fiscal purposes. This provision is key to maintaining the balance of power among the three branches of Government.

Mr. Speaker, if Congress is to resume its rightful place as the shaper of policy in the United States, it must come to grips with the problems presented by the current fragmented process by which it considers the Federal budget. I believe that the enactment of H.R. 7130 would be a necessary, even historic step toward that important goal. I urge the adoption of the conference report.

Mr. CLEVELAND. Mr. Speaker, I rise in support of the conference report on H.R. 7130, the Budget and Impoundment Control Act, with great satisfaction and the hope that the reform process it represents will be maintained and indeed intensified.

This is truly landmark legislation. At long last we have created the mechanism indispensable to meeting our responsibilities to determine national priorities, control spending and avoid the disruption of impoundments of funds by the executive branch.

At last we have a means of looking in a comprehensive way at all the needs we seek to meet, balancing the competing demands for limited resources and gaging them against total spending levels. At last we can assess squarely the question of overall spending in terms of its relation to the tax burden, the impact of spending on deficits or budgetary surpluses, the state of the economy and the effect of our actions on inflation and unemployment.

This, alone, is a major accomplishment in its own right. But there are benefits of magnitude far transcending the procedural—and policy—implications of this legislation. At last, we are taking a genuinely gigantic step toward strengthening the Congress as a coequal branch of the Federal Government. At last, with Watergate being cited as a symptom of excessive power in the executive, we are strengthening our position and taking steps to curb that concentration. And finally, our action today represents the most important initiative against inflation.

To be sure, no single piece of legislation is any cure-all, and much will de-

pend on the spirit in which we put its provisions to work. The overwhelming vote on initial House passage is most promising in this respect.

Yet for all the infusion of responsibility and discipline this bill offers, it cannot alone meet our total need for reform. The system it establishes can work only as well as the individual committees functioning within the system.

Therefore, the reforms recommended by the Select Committee on Committees remain indispensable. As a matter of fact, the discipline imposed by this bill, the tight deadlines our committees must meet, the total focus of the entire Congress this bill brings to bear on the work of our individual committees, will only make the deficiencies of the existing committee system more glaringly apparent.

And finally, the public is entitled to no less than equally prompt progress in the area of election reform.

We are making a good beginning with this legislation before us today. I would urge my colleagues to move forward with the momentum this bill has generated, seize the opportunities represented by the congressional reform and campaign reform measures pending before us, and make a clean sweep, writing a record that will legitimately entitle the 93d Congress to be known as the reform Congress.

Mr. VANIK. Mr. Speaker, I supported the passage of the Congressional Budget and Impoundment Control Act when it was before the House on December 5. Earlier last year, I testified before the House Rules Committee on the need for budget reform legislation—and, in particular, the need for congressional budget controls over guaranteed and insured loans.

I am very disappointed that the bill does not place some controls on guaranteed and insured loans. As the conference report notes, the Senate amendment "excluded insured or guaranteed loans from the definition of budget authority."

In addition,

The managers intend that the definition of "budget outlays" and "budget authority" for purposes of the congressional budget process be the same as that used for the executive budget and that any item which is excluded by law from the executive budget may be excluded from any specification of budget outlays or budget authority in the congressional budget process.

Further, sections 606 and 607 of the conference bill also weaken efforts to control "off-budget agencies." According to the conference report, the Senate-passed bill included an amendment to terminate the off-budget status of six designated agencies. "The conference substitute provides for continuing studies of off-budget agencies by the House and Senate Budget Committees."

Mr. Speaker, I do not believe that we need any more studies. We know there is an explosion of backdoor spending. We know that dozens of agencies are avoiding budget control by guaranteeing and insuring loans. We know that major Government agencies have been able to defy the will of Congress because they are excluded from the budget and from budget considerations. We know that these guarantees and insurances,

these Government corporations, do provide enormous public interest subsidies and contribute to inflation, all without adequate congressional safeguards or review.

GUARANTEED AND INSURED LOANS

The growth of this form of back-door spending has been staggering—and has played a large role in the growth of inflation. For example, between 1968 and 1974, the level of direct loans is estimated to have increased by a little less than \$6 billion. But the level of guaranteed loans outstanding has spiraled nearly 100 percent—from \$108.1 to \$196.6 billion. In fiscal year 1975, the administration has requested some \$7 billion in new direct loan authority. But new commitments for guaranteed and insured loans in fiscal year 1975 will be \$39.3 billion—approximately \$9.3 billion more than in fiscal year 1974. In addition, net credit advanced and net credit raised by major credit agencies outside the budget will be nearly \$3.6 billion. Neither the guaranteed and insured loans or the loans by "off-budget agencies" will receive any adequate congressional supervision or review. They are Government programs that are outside of effective, yearly congressional control and oversight.

CONTINGENT LIABILITY

In addition, there has been no examination by anyone in the Federal Government of the implications of our growing contingent liability. It is my understanding that we will soon be considering a 10-year extension of the Price-Anderson nuclear reactor insurance program. There is already about \$10 billion in contingent liability insurance involved in this program. By the end of this decade—within the next 5 or 6 years—the liability under this program will rise to approximately \$90 billion. Is this wise—when we already have a total Federal contingent liability of approximately a trillion dollars? Do we want to undertake another enormous insurance program without adequate reserves? A Federal court has recently ruled that nuclear powerplants should not be built in highly populated areas. Is there a higher risk in this insurance program than we have imagined? If not, why have not the private insurance companies taken over this program?

I am disappointed, Mr. Speaker, that the final version of this legislation fails to provide any controls or review of the continually growing level of contingent liabilities.

THE COST TO THE TAXPAYER OF GUARANTEED AND INSURED LOANS AND OFF-BUDGET AGENCIES

It is generally believed that there is "no cost" to the Government and to the taxpayers in guaranteed and insured loans. It is often contended that the off-budget agencies make a "profit" and do not "cost" the taxpayer anything. But there is a very definite cost from all these loan subsidies and insurance programs. The growth of these "backdoor" loan programs stretches the capital markets and drives up the rate of interest for all borrowers. To the extent that a lower rate of interest is offered, the subsidy has to be made up by others. The amount

of these interest subsidies is calculated in a little-noticed section of the Special Analysis of the Fiscal Year 1975 Budget, a document prepared by the Office of Management and Budget:

GUARANTEED LOAN SUBSIDIES

In recent years, an increasing number of guaranteed loan programs have provided significant subsidies in order to help meet the needs of their borrowers. Fees or premiums to cover part or most of administrative expenses and probable losses are customary in guarantee programs. But absence of such charges in some programs is an additional form of subsidy.

Long-term contracts to provide debt service payments are the most frequently used subsidy device. These commitments sometimes cover both interest and principal amounts, but more often cover some designated share of the interest cost. This approach is being used for a growing variety of loan programs, including those for low- and moderate-income housing, student expenses for higher education, academic facilities, and medical facilities.

In some programs, the guaranteed loan begins as a direct loan made at interest rates below the market, which is resold with the Government agency's guarantee, either at a discount (which provides a marketable yield) or with a commitment to pay additional interest in periodic installments to the private purchaser of the loan.

Just as for direct loans, the costs of subsidies for guaranteed loans include those arising from both new and outstanding loans. New subsidies add to net budget outlays in future years; and some meaningful measure of their ultimate net cost is needed to lend perspective to budget decisions.

SUBSIDY MEASUREMENT

One way that the impact of future subsidies could be viewed would be simply to total all future payments. However, because of interest, a dollar payable at some future date is worth less than a dollar paid out today. Said differently, a dollar payable in the future "costs" less, because some smaller amount invested today at interest would grow sufficiently to meet the obligation when due. Therefore, a simple total of future obligations would clearly overstate the true value of the subsidy stream. A better way to measure the ultimate value of the successive annual subsidy payments is in "present value" terms, in accordance with the recommendations of the President's Commission on Budget Concepts. This is accomplished by capitalizing (or discounting) future subsidies at an appropriate interest (or discount) rate.

The selection of an appropriate interest rate might vary with analytical objectives. The choice for discounting both direct and guaranteed loans in this analysis is 9½%, a rate approximately equivalent to the private market yield on long-term guaranteed housing loan commitments in December 1973, if an allowance for guarantee costs is added. Although private market interest rates would vary significantly according to program, borrower, and loan characteristics, the use of a single market rate as a "proxy" for all loans facilitates analysis. Likewise, year-to-year comparisons are facilitated when the same rate is used for all 3 years of the table (despite the significant changes in market rates that have occurred over the past year). The selection of a private market rate basis (over a Treasury borrowing rate for instance) has the advantage of valuing direct loan assets near the price which they should bring if sold to private investors, and also more nearly approaches the benefit provided to borrowers.

Table E-6 provides estimates of subsidy values that will result from loan commit-

ments made or to be made in the years 1973 through 1975. Both the annual subsidy rates and the discounted present value of all future subsidies are provided. However, the subsidies provided currently—on behalf of guaranteed or direct loans already outstanding—are not covered in this analysis. While the estimates are primarily illustrative rather than exact or comprehensive, they do facilitate year-to-year comparisons of new subsidy commitments.

LOAN SUBSIDIES, ANNUAL BASIS

The annual subsidy rate for direct loan commitments made in 1973 was approximately \$400 million. The rate for 1974 commitments rises to \$447 million, followed by a decline to \$434 million for 1975 commitments. This trend is largely influenced by a 1974 bulge in commitments for international security assistance loans. For guaranteed loan commitments, the annual rate was \$472 million for 1973 and is projected to decline to \$477 and \$291 million in 1974 and 1975, respectively. This trend largely reflects the slowing of commitment activity for subsidized housing.

LOAN SUBSIDIES, PRESENT-VALUE BASIS

When extended to their respective maturities, the amounts of the annual subsidies cited above total \$19.2, \$21.9, and \$15.6 billion for 1973 through 1975 commitments, respectively. But since these subsidies occur over time, rather than at once, their present value is determined by discounting (at 9½% in this year's analysis), using the procedure previously discussed. The present values of the 1973 to 1975 commitments are thus estimated at \$6.4, \$7.1, and \$5.1 billion.

As the above analysis indicates, the cost to the public of these programs ultimately runs into the tens of billions of dollars on a present-value basis.

Mr. Speaker, because of the failure of this legislation to provide some method of control, some method of oversight and review of these "backdoor" and "off budget programs," I predict that the use of these programs will grow by leaps and bounds. Future Presidents, congressional committees, line agencies, will all seek to obtain their own insured loan program so that they make commitments without having to go through the new Budget Committees and the Appropriations Committees. Additional agencies of the Government will come up with arguments on why they should be dropped out of the regular budget. The back door spending problem, already serious, will grow worse. Back door spending, loans, and insurance commitments may defeat our efforts to shape the direction of the American economy through better control of the Federal budget.

I deeply regret that this legislation has missed this golden opportunity to close this back door to the budget.

Mr. BOLLING. Mr. Speaker, I have asked that all Members be permitted to revise and extend their remarks.

Mr. Speaker, I would like to conclude today, before I move the previous question, by saying that the gentleman from Iowa is, as is often the case, precisely correct. He is a student of legislation, and he knows that under certain circumstances legislation exists that could work to accomplish the same purpose.

We will miss him because we need more students of legislation. The fact is, however, that this represents a new

June 18, 1974

CONGRESSIONAL RECORD — HOUSE

H 5207

start. It gives us an opportunity to do what we say we are going to do, and that is all it gives us. It is a start, a frame of reference, a framework. I happen to believe that the House and its Members are ready to face up to this responsibility. I believe it in part because I think increasingly Members understand that if the House cannot be fiscally responsible, the people will not long tolerate it. Mr. Speaker, I believe this will work. I believe that we can make it work, and I urge the support of the Members for this conference report.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

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

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

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 401, nays 6, not voting 26, as follows:

[Roll No. 300]
YEAS—401

Abdnor	Byron	Edwards, Calif.
Abzug	Camp	Eilberg
Adams	Carey, N.Y.	Erlenborn
Addabbo	Carney, Ohio	Esch
Alexander	Carter	Eshleman
Anderson	Casey, Tex.	Evans, Colo.
Anderson, III	Ceferberg	Evins, Tenn.
Andrews, N.C.	Chamberlain	Fascell
Andrews, N. Dak.	Chappell	Findley
Annunzio	Chisholm	Fish
Archer	Clancy	Fisher
Arends	Clark	Flood
Armstrong	Clausen	Flowers
Ashbrook	Don H.	Flynt
Ashley	Clawson, Del	Foley
Aspin	Clay	Ford
Badillo	Cleveland	Forsythe
Bafalis	Cochran	Fountain
Baker	Cohen	Fraser
Barrett	Collier	Frelinghuysen
Baumman	Collins, Ill.	Frenzel
Beard	Collins, Tex.	Froehlich
Bell	Conable	Fulton
Bennett	Conlan	Fuqua
Bergland	Conte	Gaydos
Bevill	Conyers	Gettys
Biaggi	Corman	Gialmo
Bjester	Cotter	Gibbons
Bingham	Coughlin	Gilman
Blackburn	Crane	Ginn
Blatnik	Cronin	Goldwater
Boggs	Culver	Gonzalez
Boland	Daniel, Dan	Goodling
Bolling	Daniel, Robert	Grasso
Bowen	W., Jr.	Green, Oreg.
Brademas	Danielson	Green, Pa.
Bray	Davis, S.C.	Griffiths
Breaux	Davis, Wis.	Grover
Breckinridge	de la Garza	Gubser
Brinkley	Delaney	Gude
Brooks	Dellenback	Gunter
Broomfield	Dellums	Guyer
Brotzman	Denholm	Haley
Brown, Calif.	Dennis	Hamilton
Brown, Ohio	Dent	Hammer-
Broyhill, N.C.	Derwinski	schmidt
Broyhill, Va.	Devine	Hanley
Buchanan	Dickinson	Hanna
Burgener	Dingell	Hanrahan
Burke, Calif.	Donohue	Hansen, Idaho
Burke, Fla.	Downing	Hansen, Wash.
Burke, Mass.	Drlan	Harsha
Burleson, Tex.	Dulski	Hawkins
Burlison, Mo.	Duncan	Hays
Butler	du Pont	Hechler, W. Va.
	Eckhardt	Heckler, Mass.
	Edwards, Ala.	Heinz

Helstoski	Montgomery	Skubitz
Henderson	Moorhead,	Slack
Hicks	Calif.	Smith, Iowa
Hillis	Moorhead, Pa.	Smith, N.Y.
Hinshaw	Morgan	Snyder
Hogan	Mosher	Spence
Holifield	Murphy, Ill.	Staggers
Holt	Murphy, N.Y.	Stanton,
Holtzman	Murtha	J. William
Horton	Myers	Stanton,
Hosmer	Natcher	James V.
Huber	Nedzi	Stark
Hudnut	Nelsen	Steed
Hungate	Nichols	Steele
Hunt	Nix	Steelman
Hutchinson	Obey	Steiger, Ariz.
Ichord	O'Brien	Steiger, Wis.
Jarman	O'Hara	Stephens
Johnson, Calif.	O'Neill	Stokes
Johnson, Colo.	Owens	Stratton
Johnson, Pa.	Parris	Stubblefield
Jones, Ala.	Passman	Stuckey
Jones, N.C.	Patman	Studds
Jones, Okla.	Patten	Sullivan
Jordan	Pepper	Symington
Karth	Perkins	Symms
Kazen	Pettis	Taylor, Mo.
Kemp	Peyster	Taylor, N.C.
Ketchum	Pickle	Teague
King	Pike	Thomson, Wis.
Kluczynski	Poage	Thone
Koch	Podell	Thornton
Kuykendall	Powell, Ohio	Tiernan
Kyros	Preyer	Towell, Nev.
Lagomarsino	Price, Ill.	Traxler
Landrum	Price, Tex.	Treen
Latta	Pritchard	Udall
Leggett	Quile	Ullman
Lehman	Quillen	Van Deerlin
Lent	Railsback	Vander Veen
Litton	Randall	Vanik
Long, La.	Rangel	Veyssey
Long, Md.	Rarick	Vigorito
Lott	Rees	Waggonner
Lujan	Regula	Walde
Lukan	Reus	Walsh
McClary	Rhodes	Wampler
McCloskey	Rinaldo	Ware
McCollister	Roberts	Whalen
McCormack	Robinson, Va.	White
McDade	Robinson, N.Y.	Whitehurst
McEwen	Rodino	Whitten
McFall	Roe	Widnall
McKay	Rogers	Wiggins
McKinney	Roncaldio, Wyo.	Williams
McSpadden	Roncaldio, N.Y.	Wilson, Bob
Madigan	Rooney, Pa.	Wilson,
Mahon	Rose	Charles H.,
Mallary	Rosenthal	Calif.
Mann	Rostenkowski	Wilson,
Maraziti	Roush	Charles, Tex.
Martin, Nebr.	Rousselot	Winn
Martin, N.C.	Roy	Wolf
Matis, Ga.	Roybal	Wright
Matsunaga	Runnels	Wyatt
Mazzoli	Ruth	Wylder
Meeds	Ryan	Wylie
Melcher	St Germain	Wyman
Mezvinisky	Sandman	Yates
Michel	Sarasin	Yatron
Milford	Sarbanes	Young, Alaska
Miller	Satterfield	Young, Fla.
Mills	Scherle	Young, Ga.
Minish	Schneebell	Young, Ill.
Mink	Schroeder	Young, S.C.
Mitchell, Md.	Sebelius	Young, Tex.
Mitchell, N.Y.	Seiberling	Zablocki
Mizell	Shoup	Zion
Moakley	Shriver	Zwach
Mollohan	Shuster	
	Sikes	

NAYS—6

Burton	Harrington	Landgrebe
Gross	Kastenmeter	Moss

NOT VOTING—26

Brasco	Hastings	Reid
Brown, Mich.	Hébert	Riegle
Daniels,	Howard	Rooney, N.Y.
Dominick V.	Jones, Tenn.	Ruppe
Davis, Ga.	Macdonald	Shipley
Diggs	Madden	Sisk
Dorn	Mathias, Calif.	Talcott
Frey	Metcalfe	Thompson, N.J.
Gray	Minshall, Ohio	Vander Jagt

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Thompson of New Jersey with Mr. Madden.
Mr. Hébert with Mr. Dorn.

Mr. Rooney of New York with Mr. Davis of Georgia.
Mr. Brasco with Mr. Mathias of California.
Mr. Howard with Mr. Frey.
Mr. Macdonald with Mr. Brown of Michigan.
Mr. Shipley with Mr. Hastings.
Mr. Reid with Mr. Minshall of Ohio.
Mr. Diggs with Mr. Gray.
Mr. Riegle with Mr. Metcalfe.
Mr. Dominick V. Daniels with Mr. Ruppe.
Mr. Sisk with Mr. Vander Jagt.
Mr. Jones of Tennessee with Mr. Talcott.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 15405, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1975

Mr. YOUNG of Texas, from the Committee on Rules, reported the following privileged resolution (H. Res. 1183, Report No. 9—1117), which was referred to the House Calendar and ordered to be printed:

H. RES. 1183

Resolved, That during the consideration of the bill (H.R. 15405) making appropriations for the Department of Transportation and related agencies for the fiscal year ending June 30, 1975, and for other purposes, all points of order against the following provisions in said bill for failure to comply with the provisions of clauses 2 and 5, Rule XXI are hereby waived: In title I—"Coast Guard"—beginning on page 3, line 2 through page 4, line 14, and beginning on page 4, line 20 through page 5, line 12; "National Highway Traffic Safety Administration"—beginning on page 1, lines 3 through 13; and "Federal Railroad Administration"—beginning on page 15, lines 1 through 8.

PROVIDING FOR CONSIDERATION OF H.R. 14715, CLARIFYING EXISTING AUTHORITY FOR EMPLOYMENT OF WHITE HOUSE OFFICE AND EXECUTIVE RESIDENCE PERSONNEL

Mr. PEPPER, from the Committee on Rules, reported the following privileged resolution (H. Res. 1184, Report No. 93—1118), which was referred to the House Calendar and ordered to be printed:

H. RES. 1184

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14715) to clarify existing authority for employment of White House Office and Executive Residence personnel, and employment of personnel by the President in emergencies involving the national security and defense, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Post Office and Civil Service now printed on the bill as an original bill for the purpose of amendment under the five-minute rule. At the conclusion of such consideration, the

H 5208

CONGRESSIONAL RECORD — HOUSE

June 18, 1974

Committee shall rise and report the bill to the House with such amendments as may have been adopted and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole on the bill or to the Committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

PROVIDING FOR CONSIDERATION OF H.R. 15361, COMMUNITY DEVELOPMENT BLOCK GRANTS

Mr. PEPPER, from the Committee on Rules, reported the following privileged resolution (H. Res. 1182, Report No. 93-1116), which was referred to the House Calendar and ordered to be printed:

H. Res. 1182

Resolved, That upon the adoption of this resolution it shall be in order to move, clause 27(d) (4) of Rule XI to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15361) to establish a program of community development block grants, to amend and extend laws relating to housing and urban development, and for other purposes, and all points of order against sections 108(f), 115, 411, 414, 415(a), and 505 of said bill for failure to comply with the provisions of clause 4, Rule XXI are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule by titles instead of by sections. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of H.R. 15361, the Committee on Banking and Currency shall be discharged from the further consideration of the bill S. 3066, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and insert in lieu thereof the provisions contained in H.R. 15361 as passed by the House.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS BILL, FISCAL YEAR 1975

Mr. YOUNG of Texas. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1176 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 1176

Resolved, That during the consideration of the bill (H.R. 15404) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1975, and for other purposes, all points of order against the following provisions in said bill for failure to comply with the provisions of clause 2, rule XXI are hereby waived: In title I—"Department of State"—beginning on page 2, line 2 through page 3, line 24, and beginning on page 5, line 1

through page 12, line 21; in title II—"Department of Justice"—beginning on page 20, line 8 through page 21, line 5; in title III—"Department of Commerce"—beginning on page 23, line 8 through page 25, line 21, beginning on page 26, line 13 through page 27, line 11, beginning on page 28, lines 1 through 5, and beginning on page 28, line 20 through page 30, line 16; and in title V—"Related Agencies"—beginning on page 40, lines 2 through 12, and beginning on page 46, line 3 through page 49, line 2.

The SPEAKER. The gentleman is recognized for 1 hour.

Mr. YOUNG of Texas. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from Ohio (Mr. LATTI) pending which time I yield myself such time as I may require.

(Mr. YOUNG of Texas asked and was given permission to revise and extend his remarks.)

Mr. YOUNG of Texas. Mr. Speaker, House Resolution 1176 permits the Committee on Appropriations to submit the 1975 appropriation bill for the Departments of State, Justice, Commerce, and the Judiciary and other related agencies for action on the floor of the House of Representatives.

House Resolution 1176 provides that all points of order against the provisions of clause 2, rule XXI of the Rules of the House of Representatives, prohibiting unauthorized appropriations, are waived with respect to certain items for the Departments of State, Justice, Commerce, and other related agencies.

The total amount recommended in the bill in new obligational authority is \$5,304,972,000 which is a reduction of \$106,837,000 from the total amount of the budget estimates. It is an increase of \$586,048,800 above the total appropriated for the current fiscal year.

Appropriations are also made in the bill for the Arms Control and Disarmament Agency, the Commission on Civil Rights, the Equal Employment Opportunity Commission, and the Small Business Administration.

Mr. Speaker, I urge the adoption of House Resolution 1176 in order that we may discuss and debate H.R. 15404.

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

Mr. YOUNG of Texas. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, I thank the gentleman for yielding. I commend the committee for its selectiveness in permitting waivers of points of order. Does the Rules Committee provide the staff to tell us just what lines in the bill, if we are unable to decipher and apply all of these lines the committee has set forth, to tell us where we can make valid points of order and where we cannot make them?

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

Mr. YOUNG of Texas. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Speaker, I will be glad to see to it that the gentleman from Iowa gets all the information on this matter. I will be glad to yield to the gentleman my copy of the bill with certain notation.

Mr. GROSS. The gentleman will yield his copy? The exemptions are all con-

tained in the rule, I will say to the distinguished chairman of the Appropriations Committee. For instance, as provided there are waivers of points of order "Beginning on page 2, line 2 through page 3, line 24, and beginning on page 5, line 1 through page 12, line 21; in title II—"Department of Justice"—beginning on page 20, line 8 through 21, line 5;" and so on and so on and so on and so on.

Mr. MAHON. Mr. Speaker, if the gentleman will yield further, I would be glad to tell the gentleman.

Mr. GROSS. I will be glad to invite the distinguished chairman of the Appropriations Committee to sit right over here and help me when we get to the consideration of the bill and tell me where I can make a point of order.

Mr. MAHON. I will say to the distinguished gentleman from Iowa, we are asking for the waivers generally on points of order because the State Department authorization has not been approved and because certain portions of the Justice title and the Commerce have not yet received legislative authorization for the new fiscal year which begins in a couple of weeks.

Mr. GROSS. Does the gentleman suppose this new Reform Act the House just approved by an overwhelming vote will take care of the situations of this kind so we will not be confronted with rules waiving points of order in this fashion?

Mr. MAHON. Much will depend on a four-letter word spelled "w-i-l-l." If we have the will to make this legislation work and the will to harness spending, I think great improvements can be made. Without the will the new legislation will not help much.

Mr. GROSS. We can bring that up to date right now, I will say to the gentleman from Texas: If we have the will to do it, we can defeat this rule and stop this kind of nonsense right now.

Mr. MAHON. But if we do that we cannot pass the legislation without destroying the substance of much that is required. The problem is to achieve timely enactment of legislative bills.

Mr. YOUNG of Texas. Mr. Speaker, I urge adoption of House Resolution 1176. I yield now to the gentleman from Ohio (Mr. LATTI).

(Mr. LATTI asked and was given permission to revise and extend his remarks.)

Mr. LATTI. Mr. Speaker, I would like to say to the members and specifically to my friend, the gentleman from Iowa, if he wishes to take a copy of the printed bill I will be glad to go over it page by page and give him the items which have not yet been authorized.

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

Mr. LATTI. I yield to the gentleman from Iowa.

Mr. GROSS. I would like to find a cold day when it is snowing heavily outside and we have nothing else to do so we can sit down in a corner and do just that. It would be helpful.

Mr. LATTI. Mr. Speaker, House Resolution 1176 provides that during the consideration of H.R. 15404, the 1975 Appropriation for the Departments of State, Justice, and Commerce, the Judiciary

July 16, 1974

mitted to the Cyprus Government for approval a list of candidates for cadet reserve officers who would attend a special school and then serve as officers during their military service. Fifty seven of the candidates on the list submitted were not approved by the Council of Ministers. The General Staff was informed of this in writing. Despite this, following instructions from Athens, the General Staff did not take at all into account the decision of the Council of Ministers, which under the law has the absolute right to appoint National Guard officers. Acting arbitrarily, the General Staff trampled upon laws, showed contempt for the decision of the Cyprus Government and enrolled the candidates who had not been approved in the Officers Training School. I regard this attitude of the National Guard General Staff, which is controlled by the Greek Government, as absolutely inadmissible. The National Guard is an organ of the Cyprus state and should be controlled by it and not from Athens. The theory about a common area of defence between Greece and Cyprus has its emotional aspect. In reality, however, the position is different. The National Guard, with its present composition and staffing, has deviated from its aim and has become a hatching place of illegality, a centre of conspiracies against the state and a source of supply of EOKA B'. It suffices to say that during the recently stepped up terrorist activity of EOKA B', National Guard vehicles transported arms and moved to safety members of the organisation who were about to be arrested. The absolute responsibility for this improper conduct of the National Guard rests with Greek officers, some of whom are involved heads over ears and participants in the activity of EOKA B'. And the National Centre is not free from responsibility in this connection. The Greek Government could by a mere beckon put an end to this regrettable situation. The National Centre could order the termination of violence and terrorism by EOKA B' because it is from Athens that the organisation derives the means for its maintenance and its strength, as confirmed by written evidence and proof. The Greek Government, however, has failed to do so. As an indication of an inadmissible situation I note here in passing that in Athens also slogans were recently written against me and in favour of EOKA B' on the walls of churches and other buildings, including the building of the Cyprus Embassy. The Greek Government, even though it knew the culprits, did not seek to arrest and punish anybody, thus tolerating propaganda in favour of EOKA B'.

I have a lot to say, Mr. President, but I do not think that I should say any more. In conclusion I convey that the Greek officered National Guard, the plight of which has shaken the Cypriot people's confidence in it, will be restructured on a new basis. I have reduced military service so that the National Guard ceiling may be reduced and the extent of the evil may be limited. It may be observed that the reduction of the strength of the National Guard due to the shortening of the military service, does not render it capable of carrying out its mission in case of national danger. For reasons which I do not wish to set out here I do not share this view. And I would ask that the officers from Greece staffing the National Guard be recalled. Their remaining in the National Guard and commanding the force would be harmful to relations between Athens and Nicosia. I would, however, be happy if you were to send to Cyprus about one hundred officers as instructors and military advisers to help in the reorganisation and restructuring of the armed forces of Cyprus. I hope, in the meantime, that instructions have been given to EOKA B' to end its activities, even though, as long as this organisation is not

definitely dissolved, a new wave of violence and murders cannot be ruled out.

I am sorry, Mr. President, that I have found it necessary to say many unpleasant things in order to give a broad outline with the language of open frankness of the long existing deplorable situation in Cyprus. This is, however, necessitated by the national interest which has always guided all my actions. I do not desire interruption of my co-operation with the Greek Government. But it should be borne in mind that I am not an appointed prefect or locum tenens of the Greek Government in Cyprus, but an elected leader of a large section of Hellenism and I demand an appropriate conduct by the National Centre towards me.

The content of this letter is not confidential.

With cordial wishes,

MAKARIOS of Cyprus.

PRESIDENT SIGNS CONGRESSIONAL BUDGET REFORM

Mr. PERCY, Mr. President, on Friday, the President in the presence of a large number of the Senators and Representatives who took an active role in this legislation, signed the Congressional Budget and Impoundment Control Act of 1974. This was an historic occasion, the culmination of months of very hard work by the Congress, the enactment of one of the most important congressional reforms of this century.

The President in his remarks also recognized the importance of the budget legislation, and at the same time made clear that it is the Congress, not the Executive, that must implement it. I ask unanimous consent that the President's remarks, and a fact sheet prepared by the Office of the White House Press Secretary, be printed in the RECORD.

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

STATEMENT BY THE PRESIDENT

I take special pleasure today in signing H.R. 7130, the "Congressional Budget and Impoundment Control Act of 1974." I commend the Congress for this landmark legislation and I pledge the full support of the executive branch in helping fulfill the great promise of this bill.

In each of my five Budget Messages I have urged the Congress to review and reform its procedures for considering the Federal budget and pledged the support and cooperation of this Administration in achieving this vital national goal. During the past year, the Congressional Committees concerned worked energetically and effectively with this in mind. H.R. 7130 is the result.

Under this legislation, the Congress will, for the first time, focus on overall budget totals early in the legislative process and then relate individual appropriation items to each other within a general set of spending priorities.

Budget Committees in the House and Senate, assisted by a new Congressional Budget Office, will be established to develop overall spending levels and priorities.

A tight timetable is established for Congressional action on authorizing legislation and appropriation bills, and a reconciliation process is provided to bring appropriation bills into line with prescribed overall budget totals.

In short, this bill will allow the Congress to step up to full and equal responsibility for controlling Federal expenditures.

Prior to the enactment of this bill, the Congress has had to consider a large number of separate measures with no system for establishing priorities relating to an overall spending goals. This system did not impose sufficient disciplines on the Congress to stop the passage of pork-barrel legislation or to resist the pressure of special interest groups seeking a disproportionate share of the tax dollar. Costly programs could be enacted without adequate consideration of their added burden to the taxpayer. This lack of discipline in Congressional procedures has been one of the major factors behind the sizable increases in Federal spending over the past decade.

The Congress has wisely recognized these weaknesses and taken steps to correct them through the passage of this legislation.

There are provisions in this bill I hope will be simplified if the requirements imposed by them prove to be restrictive. The impoundment control provisions, in particular, may well limit the ability of the Federal Government to respond promptly and effectively to rapid changes in economic conditions.

Nevertheless, this bill represents a major step toward reform of the Congressional budgetary system. Its enactment is especially timely because an excessive rate of inflation makes the need for careful consideration and control over Government spending more crucial than ever. Already the Congress has enacted, or has pending, programs which could add some \$4 billion dollars to our 1975 budget proposals of \$305 billion. I will have no choice but to veto bills which substantially exceed my budget.

The 1976 budget also gives us the opportunity to work together to face our fiscal responsibilities. In the near future, I will send to each department and agency their preliminary budget guidance for 1976. It will reflect a balanced budget in 1976. To achieve this balance, I plan to propose a broad range of legislation which will be needed to cut back individual programs.

I am confident that the Congress will assist me in this effort to keep spending from exceeding my proposed budget levels. H.R. 7130 will permit the high level of cooperation which will be required to achieve this critical goal.

FACT SHEET—CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

The President today signed into law the Congressional Budget and Impoundment Control Act of 1974, which will remedy many of the major shortcomings of the Congressional budgetary process and strengthen the ability of Congress to exercise responsible control over that process.

BACKGROUND

In all five of his Budget Messages, the President has encouraged the Congress to review and reform its procedures for consideration of the Federal budget. This bill, which has been in development for more than a year and has involved fruitful collaboration between the Congress and the Administration, is tangible evidence of the Congress' move toward genuine budgetary reform.

The bill passed both Houses by overwhelming votes:

—401 to 6 in the House of Representatives, on June 18, and

—75 to 0 in the Senate, on June 21.

MAJOR PROVISIONS

This legislation will:

—require the Congress to focus on overall budget totals, as well as individual items in appropriation bills;

—establish House and Senate Budget Committees and a Congressional Budget Office to coordinate this overall focus;

—establish a tight timetable for Congress-

sional action on authorizing legislation and appropriation bills;

—change the fiscal year start from July 1 to October 1 beginning in 1976 with a transitional 3-month period from July 1, 1976 through September 30, 1976;

—provide for a Congressional reconciliation process to bring appropriation bills into conformance with overall budget totals;

—bring certain types of new advance budget authority ("backdoor spending") within the discipline of the appropriation process;

—result in a substantial increase in the flow of fiscal and budgetary information from the Executive Branch to the Congress; and

—require Congressional agreement on defaults in the use of funds and reductions in funding levels.

EFFECTIVE DATES

Most changes pertaining to the Congressional budget process and timetable will first apply to the budget for fiscal year 1977, which begins October 1, 1976 and ends September 30, 1977. Most changes affecting the substance of the President's budget will become effective with the budget for fiscal year 1976, which begins July 1, 1975, and ends June 30, 1976. The requirement for Congressional agreement on withholding funds is effective immediately.

NEW EARTH RESOURCES STUDIES

Mr. MOSS. Mr. President, last Friday NASA announced the selection of 93 research teams in Federal, State and foreign governments, international organizations, universities, and private industry to study the earth's resources and our use of them over the next year.

These studies, based on data returned to earth from the first two Earth Resources Technology Satellites, will involve the natural resources of 34 States and 48 foreign countries. Foreign governments will provide the funding for the investigations in their respective countries.

Although we heard sometime ago that there is little interest in ERTS data, and that earth resources satellite systems may not be cost effective, it is clear that this view is not widely shared. I say that with the following facts in mind:

First, the 93 investigating teams were chosen after review of 669 proposals.

Second, the investigations will include work in agriculture, forestry, range land, in the environment, in land use, in marine resources, in meteorology, in mineral resources, oil, civil works, hazards, and in water resources.

Third, Data products used by the investigators will flow from NASA's satellite through Federal Data Centers operated by three Departments of the Federal Government—Interior, Agriculture, and Commerce.

Fourth, Data from the first satellite, ERTS-1, is already being used for such diverse purposes as:

Monitoring urban development and planning future land use;

Locating air and water pollution;

Mapping strip-mine and forest-fire scars;

Locating geologic formations that may indicate the presence of minerals and petroleum;

Updating maps and coastal and navigation charts;

Estimating crop acreages;

Surveying the breeding grounds of migratory waterfowl;

Monitoring the advance of glaciers;

Studying flood hazards and managing water resources; and

Helping to locate underground water supplies.

Fifth, While ERTS data may not seem important to the Office of Management and Budget, it apparently is to the governments of Nicaragua and Yemen, of England and Bolivia, of Botswana and Korea, of Libya and Australia, of Finland and France, of Brazil and Japan, of Canada and Lesotho, of Gabon and Mexico, of New Zealand and Malaysia, of Pakistan, Peru, Switzerland and Thailand, and of Turkey, Upper Volta and Zaire to name a few.

Mr. President, I ask unanimous consent that the NASA announcement and the list of investigations being undertaken be printed in the Record for the information of my colleagues.

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

NEW ERTS INVESTIGATIONS SELECTED

Space satellite pictures will be used in a broad range of new studies of Earth's natural resources and man's use of them, NASA announced today (July 12).

Investigations in the United States and 48 other countries will be conducted by 93 research teams in Federal, state, and foreign governments, international organizations, universities, and private companies.

The investigators will analyze remotely sensed data in the form of imagery or on magnetic tape from NASA's first Earth Resources Technology Satellite (ERTS-1), launched two years ago this month; July 23, 1972, and from ERTS-B, carrying the same sensors, which is expected to be launched early next year.

The studies, selected from 669 proposals, include work in eight disciplines or categories:

Agriculture, forestry, range land;

Environment;

Interpretive techniques;

Land use;

Marine resources;

Meteorology;

Mineral resources, oil, civil works, hazards; and

Water resources.

More than half the domestic and three-fourths of the foreign investigations will demonstrate potential applications for operational use of Earth resources monitoring from space.

Data products will be furnished to the investigators through the Federal Data Centers operated by the Departments of Interior, Agriculture, and Commerce.

NASA will fund the domestic investigations at a cost of approximately \$5.9 million. Foreign investigators will be supported by their own countries.

The new studies, called ERTS Follow-on Investigations, replace or extend approximately 200 domestic and 100 foreign investigations conducted with data from ERTS-1.

ERTS circles the globe 14 times a day, scanning a swath of Earth's surface 185 kilometers (115 miles) wide in green, red, and two near-infrared spectral bands.

From a 912-kilometer (567-mile) circular, near-polar, sun-synchronous orbit, the satellite passes over almost the entire globe every 18 days and can view each cloud-free area repetitively at the same local time of day and thus at the same Sun angle.

In its two years, ERTS-1 has returned some 100,000 pictures, including imagery

with less than 80 per cent cloud cover of all the United States and three-fourths of the world's land masses and coastal areas.

The imagery is provided to investigators and to several U.S. government agencies and put on public sale through Federal Data Centers.

The repetitive multispectral imagery of Earth taken by ERTS-1 has been used for such wide-ranging practical purposes as:

Monitoring urban development and planning future land use;

Locating air and water pollution;

Mapping strip-mine and forest-fire scars;

Locating geologic formations that may indicate the presence of minerals and petroleum;

Updating maps and coastal and navigation charts;

Estimating crop acreage;

Surveying the breeding grounds of migratory waterfowl;

Monitoring the advance of glaciers;

Studying flood hazards and managing water resources; and

Helping to locate underground water supplies.

The ERTS project is managed for NASA's Office of Applications by the Goddard Space Flight Center, Greenbelt, Md. The spacecraft prime contractor is the General Electric Company.

DOMESTIC ERTS FOLLOW-ON INVESTIGATIONS

Test Site * principal investigator, and investigation:

Alaska, Larry D. Godney, University of Alaska, Fairbanks, Tectonic structure of Alaska as evidenced by ERTS imagery and ongoing seismicity.

William J. Stringer, University of Alaska, ERTS survey of near-shore ice conditions along the Arctic Coast of Alaska.

Peter C. Lent, University of Alaska, Use of ERTS imagery for wildlife habitat mapping in northeast and east-central Alaska.

Arizona, G. Russell Bentley, Bureau of Land Management, Denver Feasibility of monitoring growth of ephemeral and perennial range forage plants and effects of grazing management.

Larry K. Lepley, University of Arizona, Tucson, ERTS-B and supporting data for technology transfer to local agencies.

Arkansas, Harold C. MacDonald, University of Arkansas, Fayetteville, Land use change detection with ERTS-B data for monitoring and predicting regional water quality degradation.

California, Robert N. Colwell, University of California, Berkeley, a statewide inventory of California's irrigated lands based on ERTS-B and supporting aircraft data.

A. Earl Davis, State of California, Sacramento, water resources control investigation in California.

Douglas M. Pirie, U.S. Army Corps of Engineers, San Francisco, California coast near-shore processes study using ERTS-B data.

Donald R. Wiesnet, National Oceanic & Atmospheric Administration, Washington, D.C., evaluation of ERTS-B data for selected hydrologic applications.

Colorado, Kenneth L. Cook, University of Utah, Salt Lake City, remote sensing in mineral exploration from ERTS imagery.

Paula V. Krebs, University of Colorado, Boulder, multiple resources evaluation of Region 2 U.S. Forest Service lands utilizing ERTS multispectral scanner data.

Claude D. Peters, State of Colorado, Denver, application of ERTS data to delimitation of avalanche and landslide hazards in Colorado.

Connecticut, Saul Cooper, U.S. Army Corps of Engineers, Waltham, MA, Use of ERTS

* Where investigations have multiple test sites, they are included under more than one state.

development purposes would effectively destroy its future plans for improving the Edison Historic Site.

I hope that this matter can be handled expeditiously and completely by the time of adjournment.

By Mr. TAFT:

S. 4202. A bill to amend the Congressional Budget Act of 1974 to require the Congressional Budget Office to prepare inflation impact statements in connection with legislation reported by Senate and House committees, Referred to the Committee on Government Operations.

Mr. TAFT. Mr. President, today I am introducing the "Inflation Impact Statement Act of 1974."

The basic purpose of this legislation is to require the new Congressional Budget Office to supply the Congress with an estimate of the impact on the aggregate rate of inflation and the cost of particular goods and services, for 5 fiscal years, of any legislation which is reported by congressional committees for further congressional consideration. In view of the tremendous impact which the Government's programs can have both directly and indirectly on inflation, I believe that prompt enactment of this legislation is essential. It would be a great advance over the important step forward this Congress took when it imposed a similar requirement relating to projected actual Federal budget costs of legislative proposals, in the Congressional Budget Act of 1974.

In the recent economic summits and debate on the inflation problem, it has been emphasized that Government programs are often considerably more costly to consumers than their direct cost in terms of Government funding. For example, the expense of just completing required paperwork for the Government has been estimated to be \$50 billion per year. Government safety and antipollution standards have added \$320 to the cost of a new car over the last 4 years; mileage requirements which would bring about 30 to 40 percent improvement in miles per gallon would add another \$200 to \$400 to the price of a new car by 1980. The use of tariffs and import quotas to protect domestic industries costs consumers \$10 billion per year in higher prices. When the medicare and medicaid programs were put into effect, the additional pressure on hospital services helped increase the inflation rate from about 8 percent per year to around 12 to 15 percent.

All too often, these types of Government-induced inflation escape adequate legislative attention because they do not show up in the Federal budget. However, it is clear that Congress has an obligation to face up to the total costs and inflation impact, not just the budget impact of the proposals it must evaluate. My bill would help Congress fulfill that obligation.

In recognition of this problem, President Ford took a major step forward when he announced that future new Government regulations would carry an inflation impact statement. However, the

imposition of that requirement at the regulation stage is only part of the battle. It is probably even more important that overall impact on inflation be considered fully at the time Congress shapes the basic legislation which determines the structure of the Government's programs. Thus, I feel that President Ford was on target when he urged Congress to pass legislation such as this bill promptly.

My legislation offers possible improvements upon the work of others who have been interested in this type of initiative. In particular, the Senator from Kansas (Mr. DOLE) has been a leader in this effort and has introduced other legislation with the same purpose in mind.

I ask unanimous consent that a copy of my bill be printed in the RECORD at this point.

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

S. 4202

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

That this Act may be cited as the "Inflation Impact Statement Act of 1974".

SEC. 2. FINDINGS.

The Congress finds that—

(1) inflation is a grave problem facing Americans;

(2) Federal programs and expenditures which Congress authorize have a significant impact on inflation;

(3) Congress has a particular responsibility to consider whether any legislative proposal which comes before it for possible action would augment or reduce inflation; and

(4) it is imperative that Congress be informed in advance of the impact on inflation of any such legislative proposal so that such impact can be considered fully as Congress evaluates the proposal.

SEC. 3. INFLATION IMPACT STATEMENTS.

(a) Section 403 of the Congressional Budget Act of 1974 is amended—

(1) by striking out "and" at the end of paragraph (1),

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and",

(3) by inserting after paragraph (2) the following new paragraph:

"(3) an inflation impact statement with respect to such bill or resolution. As used in this paragraph, the term "inflation impact statement" means an estimate, to the extent practicable, of the probable impact of such bill or resolution on the aggregate rate of inflation and the cost of particular goods and services in the fiscal year in which it is to become effective and in each of the four fiscal years following such fiscal year, together with the basis for such estimate. Such estimate shall be based on the amount of new budget authority authorized by such bill or resolution and amounts of new budget authority at specified projected levels assumed to be authorized by subsequent legislation, unless, with respect to any fiscal year for which such estimate is required, the Director determines that it is improbable that outlays will occur", and

(4) by striking out "estimate and comparison" in the last sentence and inserting in lieu thereof "estimate, comparison, and statement".

(b) The provisions of subsection (a) are enacted by the Congress as an exercise of its rulemaking power as provided by section 904(a) of the Congressional Budget Act of 1974.

By Mr. BROOKE:

S. 4203. A bill to repeal exemptions in the antitrust laws relating to fair trade laws. Referred to the Committee on the Judiciary.

Mr. BROOKE. Mr. President, double digit inflation is now haunting the American consumer. In the past 6 months the Consumer Price Index has risen an average of 1½ percent a month; in the past 7 years the cost of living has spiraled by almost 50 percent. Dollar wages have increased at a brisk 7 percent rate over the past 2 years, but prices have increased even more. We are experiencing the sharpest decline of consumer buying power since the removal of World War II price controls. It is now time for the Congress of the United States to seize the initiative and attack our No. 1 enemy—inflation.

President Ford has held a summit conference on inflation out of which have come many ideas for fighting inflation. In his economic address to the Congress following the conference, the President presented his legislative proposals. The Congress showed itself capable of acting with speed and incisiveness in at least one instance. On September 10, 1974, Senator CRANSTON and I introduced the Home Purchase Assistance Act of 1974 to provide needed mortgage funds for the suffering home buyer and housing industry. Just 35 days later, on October 15, the final version of the bill had been reported to the floor of both Houses, debated, differences resolved, and passed by the Congress. On October 18, President Ford signed the bill into law. Congress had perceived a need, found a solution, and acted.

Today, I am introducing another anti-inflationary measure that I hope will command the same cooperation and result in the same incisive and affirmation action. This legislation repeals resale price maintenance laws. It ends fair trade.

Fair trade laws, also known as resale price maintenance or quality stabilization laws, have been in effect since the depression. In simple terms, they allow a manufacturer to enter into an agreement with a retailer setting the minimum price at which his identifiable product may be sold. California passed the first State law in 1931 and most States followed soon after. It became apparent, however, that these State laws when applied to interstate commerce, violated Federal antitrust laws. Thus, in 1937, Congress passed the Miller-Tydings Act granting State fair trade laws an exemption from the Sherman Antitrust Act. In 1952, the McGuire Act granted State fair trade laws exemption from the Federal Trade Commission Act, thus legalizing nonsigner provisions. These provisions, which had been enacted by some States, permit a manufacturer to sign a single fair trade agreement with one retailer, and then enforce the agreement against all other retailers in the State, even though they were not parties to the contract.

At the present time, 13 States have valid nonsigner provisions—Arizona, California, Connecticut, Delaware, Illi-

nois, Maryland, New Hampshire, New Jersey, New York, Ohio, Tennessee, Virginia, and Wisconsin. In addition, 23 other States have fair trade laws with nonsigner provisions—Arkansas, Colorado, Florida, Georgia, Idaho, Indiana, Iowa, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Washington, and West Virginia. In all, 36 States have some form of fair trade laws currently in being.

The Miller-Tydings Act and the McGuire Act are permissive statutes. They allow States to enact laws that would otherwise be in violation of Federal statutes. In effect, they permit States to regulate goods that are in interstate commerce. They provide a Federal umbrella for restrictive State laws. Today, I propose we remove that umbrella and thus nullify the State laws as they apply to interstate commerce. I propose that we get the Federal Government out of the marketplace and permit competition rather than restrictive private agreements to fix prices.

It is important to note that neither the Federal nor the State governments actually enforce any fair trade agreements. Should a manufacturer discover that a valid fair trade agreement into which he has entered is being violated, he must go to court and sue for damages. The Government plays no role in this action.

Exponents of fair trade agreements base their arguments on the economic and social conditions that prevailed almost a half century ago. In the first part of the 20th century, this country underwent its gravest and most prolonged depression during which real income fell by more than 30 percent, unemployment rose from 3 to 25 percent and more than 200,000 business firms failed. The country was desperate for a remedy so when resale price maintenance was proposed as a panacea to the country's grave problems, and argued with logic that appeared to be valid, it was quickly embraced.

Resale price maintenance has long been touted as our savior from the evils of predatory price cutting as a form of competition in which a retail firm lowers its prices in order to draw business away from its competitors and eliminate them from the market. Once the predatory firm establishes control over the market and somehow prevents any new firms from entering, it then raises prices in order to gain monopolistic profits. Thus, it is argued, that while in the short run the consumer will obtain goods at low prices, in the long run prices will be higher and the number of stores selling and servicing these goods will be lower. Exponents of resale price maintenance often argue that fair trade acts as a countervailing force to the market power of chain and discount stores. These outlets are often unjustifiably accused of bait merchandising and plotting to destroy independent retail outlets. However, exponents always fail to note that there are already State and Federal laws prohibiting false and misleading advertising, including the use of "bait and

switch" and other discredited ruses. It is true that chain stores give retailers a run for their money by instituting more efficient marketing techniques and offering less frills. But this should be seen as a challenge to the less efficient retailers to develop new merchandising techniques, rather than as a threat to their existence. However, the evidence, including Justice Department and other studies, amply document the fact that more business failures occur in fair trade States than in non-fair trade States—proving that fair trade does not prevent business failures.

The most persuasive study supporting this assertion was done by Prof. Stewart Munro Lee of Geneva College and reported in the spring, 1965, volume of the Journal of Retailing. Professor Lee wrote:

Data show no perceptible effect of fair trade laws on the total number of retail stores, the number of drug stores, or on the rate of failure in retailing in general or in the drug trade. Indeed, when one examines the details of this table closely, it appears that, if anything, the fair trade laws have opposite effects on those claimed.

This system of State resale price maintenance which is permitted by Federal law reduces competition and restricts our system of free enterprise at all levels of product distribution. The U.S. Department of Justice has estimated that resale price maintenance increases prices on fair traded goods by 18 to 27 percent—many economists feel that this increases the consumer price index by nearly 20 percent. Conservatively, this costs the American consumer over \$2 billion a year in higher prices. For example, a set of golf clubs that lists for \$220 can be purchased in nonfair trade areas for \$136; a \$49 electric shaver sells for \$32; a 1,360 component stereo system can be obtained for \$915 and a \$560 19-inch color television sells for \$483. The marketing techniques that have been established by chain and discount stores reduces the markup on consumer goods to 10 or 20 percent rather than the standard 40 to 60 percent. This is, of course, important to all consumers, but particularly to the 23 million low income people in the United States.

In the January 1969, Economic Report of the President, it was estimated that fair trade then cost consumers \$1.5 billion annually. When that figure is updated by the consumer index, it reveals that American consumers are now paying a hidden subsidy of \$2.1 billion a year for fair trade. To remove that \$2.1 billion unnecessary burden from our economy would be one of the most immediate anti-inflationary steps we could take.

Prof. Hendrik S. Houthakker of Harvard, a former member of the President's Council of Economic Advisors, wrote an article entitled, "A Positive Strategy Against Inflation" in the Wall Street Journal of July 30, 1974. Professor Houthakker wrote:

Our economy has to be made less prone to inflation and more responsive to anti-inflationary policies. This means, in particular, that institutional barriers to price declines have to be removed. . . .

Specifically, Professor Houthakker wrote that we could curb inflation by, among other actions, abolishing resale price maintenance.

At the same time, the respected publication of the Consumers Union, "Consumer Reports" ran an article in its November issue entitled "Good-Bye to Good Buys in Audio Equipment!" Following the article was an editorial entitled "What's Fair about Fair Trade Laws?" The article observed that fair trade "confers price fixing power on private individuals without any recourse for public review of these pricing decisions. While the Governor of New York, Vice-Presidential designee Nelson Rockefeller described fair trade as 'an affront to the American system of competitive free enterprise', Rockefeller advocates repeal of existing fair trade laws. So does CU."

Aside from its inflationary effect, one of the most persuasive arguments against resale price maintenance is that it tends to freeze the channels of distribution and retard the advancement of technology. Fair trade helps protect those retail outlets that are unwilling or unable to improve their methods of operation. By restricting competition in price, fair trade provides for competition on the basis of advertising, salesmanship, and nonessential services. A Canadian committee set up to study the problem of resale price maintenance stated that:

The crux of the problem of resale maintenance, is whether the consumer should reap the benefits of the most efficient forms of retailing or . . . should be forced to pay more in order to make retailing . . . a more comfortable occupation. . . .

In the past, the most vocal support for fair trade legislation has been from the small business community. It is this sector of our economy, it has been argued, that would be most injured by weakening or repealing fair trade. Yet, one of the most active and highly respected small business organizations in the country, the Smaller Business Association of New England—SBANE, vigorously supports the repeal of fair trade laws. In a statement issued on November 14, 1974, Oliver O. Ward, president of SBANE, called fair trade laws anticompetitive and obsolete. I ask unanimous consent that the full text of the SBANE statement be printed in the Record immediately following the printing of the text of the bill.

Businessmen making transactions must have the freedom to change their prices; to increase or decrease sales as they see fit. It is the price of the goods to which suppliers and consumers react. We must permit the retailer to establish the level of service and extras that he wants to include with the product along with the right to set the selling price. To permit the manufacturer the right of price fixing places the entire chain of distribution in a straitjacket.

Resale price maintenance stifles innovation and forces production in the wrong direction. It is amply documented that resale price maintenance forces entrepreneurs to engage in inefficient promotional campaigns in order to develop volume—that is costly for both the businessman and the consumer.