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CONGRESSIONAL QUARTERLY **Weekly Report**

Vol. XXXIII No. 52 • Pages 2837-2904 • Dec. 27, 1975

WHAT CONGRESS DID IN 1975

Summary

A year of confrontation produced vetoes,
few solid accomplishments (2839)

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Budget

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Appropriations in 1st Session, 94th Congress

For fiscal year 1976, in thousands of dollars

AS OF THE END OF THE 1ST SESSION

Budget authority (authority to commit funds) in this type.

Outlays (funds provided by these bills to be spent or obligated in fiscal 1976) in this type.

SOURCE: Congressional Budget Office

	Administration Request	House	Senate	Final Action	Weekly Report Page
Legislative Branch (HR 6950—PL 94-59)	\$ 853,765 761,784	\$ 698,100 615,948	\$ 825,374 735,284	\$ 827,547 737,284	1625
Education Division, HEW (HR 5901—PL 94-94)	3,806,621 1,324,748	4,781,277 1,654,748	5,119,160 1,761,748	4,916,961 ¹ 1,701,748	1948
Agriculture and related agencies (HR 8561—PL 94-122)	14,221,608 10,921,266	11,047,263 7,752,526	11,092,283 7,769,171	11,061,282 7,745,171	2239
District of Columbia	507,841 410,243				
Transportation and related agencies (HR 8365—PL 94-134)	4,230,886 3,206,393	3,654,355 2,977,080	4,104,424 3,235,108	3,888,866 3,178,008	2547
Housing and Urban Development, Space, Science, Veterans (HR 8070—PL 94-116)	48,779,570 19,966,693	42,366,024 18,524,893	50,275,314 20,045,693	49,344,914 19,969,193	2172
Labor, Health, Education and Welfare and related agencies (HR 8069)	36,266,355 28,630,480	35,979,641 28,473,536	36,272,522 28,652,688	36,073,748 28,480,688	2731
Interior and related agencies (HR 8773)	4,079,098 2,766,763	4,101,962 2,790,188	4,304,340 2,905,123	4,234,621 2,855,813	2772
State, Justice, Commerce, Judiciary and related agencies (HR 8121—PL 94-121)	5,722,145 4,050,735	5,671,669 4,004,107	6,188,253 4,240,337	5,958,676 4,146,337	2104
Defense Department (HR 9861)	97,694,635 67,232,702	90,219,045 63,953,702	90,721,789 64,472,702	90,466,961 ² 64,305,702	2813
Foreign Aid	5,694,341 2,240,538				2415
Military Construction (HR 10029)	4,109,020 835,789	3,518,723 822,789	3,660,295 829,889	3,585,014 828,789	2571
Public Works, Energy (HR 8122)	7,365,562 3,983,190	7,225,401 3,879,390	7,454,261 4,095,800	7,440,913 4,071,300	2769
Treasury, Postal Service and General Government (HR 8597—PL 94-91)	6,330,463 5,956,122	6,265,532 5,909,122	6,338,985 6,003,122	6,314,070 5,968,122	1784
Continuing Resolution (H J Res 733—PL 94-41)	1,625,000 1,625,000	2,004,800 1,979,800	2,379,800 2,329,800	2,379,800 2,329,800	2777
1976 Supplemental (HR 10647)	12,157,060 7,597,892	7,820,306 5,249,059	10,334,348 5,430,792	10,298,883 5,414,292	2775

¹ Veto overridden Sept. 10.

² Final vote pending in House.

* Includes Harry F. Byrd Jr. elected as an Independent.

** Includes James L. Buckley elected as a Conservative.

	House	Senate
Democrats	290	62*
Republicans	145	38**
Vacancies	0	0

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Inside Congress

CONGRESSIONAL FINALE: CONFLICT, COMPROMISE

The first session of the 94th Congress ended on the same note of conflict that had typified its relations with the Ford administration throughout 1975.

During the final, frazzling 72 hours of the session, the Republican President vetoed two major bills passed by the Democratic Congress. A congressional attempt to override one of the vetoes, of a proposed extension of the 1975 tax cut, fell 17 votes short in the House. An 11th-hour compromise was then passed, with assurances that it would be signed.

Meanwhile, several Republican senators staged a short-lived and unsuccessful filibuster against a proposal to restrict Ford's power to intervene in the Angolan civil war.

Members finally went home for Christmas at the end of the day on Dec. 19. Behind them was a year of disagreement with the executive branch over most of the problems besetting the nation. Among the major ones were the economy, energy, foreign policy, defense costs and waning public confidence in government.

Ford had vetoed 15 bills and promised to veto a 16th. Congress was able to override only three of them. The session was marked by much posturing and pre-1976 election politicking by both parties and at both ends of Pennsylvania Avenue. Democrats were saying that their tax cuts and economic policies had saved the nation from a 1930s-style depression. Republicans warned that a radical Democratic Congress would spend the country into bankruptcy, while Ford rarely escaped a week without the legislative branch taking a position opposed to what he conceived as the national interest.

Exuberance to Frustration

Despite all the bravado, the disappointment of the congressional leadership with the session was summed up by Senate Majority Leader Mike Mansfield (D Mont.) the day before adjournment: "It has not been easy for the legislative branch to make its will prevail." That assessment was not the way the Democrats had planned it in January, when the 94th convened. With their ranks swelled the previous November by one of the biggest election victories since the New Deal, congressional Democrats were calling for alternatives to the Ford administration's programs that would initiate a new era of so-called "congressional government."

Republicans, on the other hand, led by Ford, were warning the country that the 2-to-1 Democratic majority in the House and better than three-fifths advantage in the Senate would lead to a "veto-proof" Congress that would doom the President's economic recovery and energy programs. Congress had taken a series of actions during the last years of the Nixon administration to curtail the power of the presidency and, at the same time, to claim a greater role for itself in domestic and foreign policy-making.

Neither the enthusiasm of the Democrats nor the dire predictions of the Republicans was warranted by the record of the first session. By mid-summer, it was clear that a stalemate had set in on crucial issues. A frustrated House Speaker Carl Albert (D Okla.) was conceding that

Congress would be unable to enact "programs and policies that will return us to full employment, economic prosperity and durable social peace and progress." Despite the biggest Democratic majority in 10 years, Albert conceded that "try as we might...frankly we cannot expect to reach these goals" in 1975. This hardly sounded like the Albert who, a few months earlier, had responded to the President's legislative proposals by presenting to the country a "national agenda for economic action" to be implemented by Congress.

Legislative Deadlock

The legislative stalemate encompassed many areas, but the focal points were energy and economic policies. Of the 15 bills that Ford had vetoed by Dec. 23, six directly involved these two issues. Not one of them was overridden. Far from coming up with a national program to deal with the recession and the energy crisis, Congress and the President became enmeshed in side issues, albeit critical ones: whether to extend existing price controls on domestically produced petroleum products, which were to expire Aug. 31, and whether to extend to 1976 the tax cut enacted earlier that was supposed to be a one-shot, emergency measure to revive the economy.

Energy Policy

No subject consumed more of Congress' time than did energy legislation, particularly bills to cut energy consumption. Although the time spent on the subject was impressive, the legislation enacted fell short of what had been promised.

Ford's energy policy, basically, was to reduce energy use and at the same time increase domestic production by raising oil prices. Democrats, unwilling to accept the Ford program of imposing higher tariffs on imported oil and higher prices for U.S.-produced crude, sought a strategy that would defer economically painful actions until after the recession abated, and then would raise fuel prices on the least vital uses of energy.

But the Democrats could not agree, even among themselves, on the issues of oil prices or conservation measures. The clearest example of this was on an energy tax bill that was supposed to drastically cut gasoline con-

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sumption by levying a 20-cents-a-gallon additional tax whenever consumption increased above 1973 levels. But on a 345-72 House vote in June, the provision was stripped from the bill. Only 67 of 278 voting Democrats supported the Ways and Means Committee that drafted the bill. Their recommendations were to have formed the basic congressional alternative to Ford's plan for promoting U.S. energy independence.

Some members said the vote merely reflected the lack of consensus in the country on energy issues which pitted one region against the other, divided producer and consumer states and set oil, gas, coal, nuclear and hydroelectric advocates against each other. Others argued that the congressional leadership was at fault, that on national problems such as the energy crisis, it was up to the leadership to persuade Congress to make policy in the absence of a national consensus. Congress and the White House were deadlocked on fundamental energy questions, with Ford unable to sell his programs and the Democratic majority unable to draft viable alternatives.

A partial breakthrough occurred in October, when the two sides reached a compromise on a temporary oil price control bill that reinstated the old domestic pricing system through Nov. 15. This came only after two earlier bills to extend controls were vetoed. A second interim measure extended controls until Dec. 15. These were only stopgap solutions, however.

After the gasoline tax increase was knocked out of the energy tax bill, Democrats turned to the Energy Policy and Conservation Act, the product of a year's work by several committees. The bill was a composite of four Senate bills, including modifications of the vetoed bills. This time there was no attempt to add an energy tax. Instead, controls on domestically produced oil were continued for at least three years, and the President was given new powers to control the flow of energy supplies and standby authority that he could use during an energy shortage. The bill also created a national strategic oil reserve. Ford was opposed to many sections of the bill, particularly continuation of oil price controls, but signed it anyway after the session had ended.

Not so lucky was a comprehensive strip mining control bill that would have set minimum federal standards for surface mining of coal and for reclamation of previously stripped and abandoned coal lands. The measure, almost identical to one pocket-vetoed in 1974, was vetoed a second time. The override attempt failed by three votes, one of four override failures in May and June that shocked the Democrats and ended the euphoria that marked the session's early months, when many House procedures were streamlined and the aging chairmen of three committees were deposed.

On the administration side of the ledger, energy legislation that Ford wanted but did not get before adjournment included deregulation of new natural gas, federal guidelines for oil and gas development on the outer continental shelf and a delay in implementation of air pollution control deadlines mandated by the 1970 Clean Air Act.

Economic Policy

Differences with Ford were just as strong on what steps to take to cure the twin economic ills of inflation and recession. There was even a difference of opinion on which problem should be given priority attention. The Democrats were calling for a massive tax cut, emergency jobs for the unemployed, housing construction subsidies for an industry

Session Summary

The first session of the 94th Congress, which convened at noon Jan. 14, 1975, adjourned Dec. 19. The House adjourned at 8:11 p.m., the Senate at 8:45 p.m. The session ran 340 days, which was six days longer than the 334 days of the second session of the 93rd Congress. The first session of the 94th was the 17th longest in history.

The Senate was in session 178 days and the House was in 173 days during the year. Congress took several short breaks and a month-long recess during August.

There were 17,015 public bills and resolutions introduced during the session, slightly less than the number introduced during the first session of the 93rd Congress.

As of the end of the session, President Ford had signed 158 bills into law. He had vetoed 15 bills, of which three were overridden and six were sustained.

especially hard hit by the economic downturn, an end to certain tax shelters, and other proposals aimed at closing tax loopholes for big business and individuals in the higher income brackets.

Ford, who in late 1974 had called for a tax increase to combat inflation, in March reluctantly agreed to the tax cut package drafted by the Democrats made retroactive to Jan. 1. He had preferred a one-time, \$16-billion tax rebate on 1975 taxes as a short-term solution to halt the deepening recession. Instead, he got a bill totaling \$22.8-billion in new tax reductions as well as provisions ending the oil and gas depletion allowances for corporations and curbing multinational corporations' tax preferences.

Ford and his advisers insisted that it was just as important to fight inflation as to reduce taxes. For this reason, he vetoed as too inflationary the Democrats' bill to create more than one million jobs; the veto was sustained by Congress even though the national unemployment rate was climbing to its high of 9.2 per cent in May. Ford subsequently made an about-face and agreed to a compromise version that had a lower price tag but contained many of the same jobs programs.

The division between Congress and White House was apparent again in late summer as Democrats pressed for a one-year extension of the 1975 tax cut. Ford countered with a \$28-billion tax cut package, coupled with an equivalent reduction in federal spending resulting in a \$395-billion spending ceiling for the fiscal year beginning Oct. 1, 1976, according to his budget projections. It was the administration's position that any further tax cut had to be accompanied by an equal cut in spending or a revenue increase if inflation was to be checked. Democrats were dismayed, but went ahead and approved an extension without the spending ceiling. The result was another veto. But the appealing election-year tax break was too tempting for both sides, and the final day's accommodation was struck.

Compromises

While the President gave the impression of being very tough on federal spending, taxes and energy conservation, the tax cut compromise as well as several others on housing

Recorded Votes

The first session of the 94th Congress set new records for the number of votes taken in one session by the House and the Senate. The House took 612 votes and the Senate 602, for a total of 1,214 for the year. This surpassed the previous record of 1,135 set in 1973. In that year the House took 541 votes and the Senate 594.

The number of votes in the House jumped by 75 compared to 1974 and by 71 over the previous record. The increase in House voting in recent years reflected the impact of the procedural changes established by the Legislative Reorganization Act of 1970, which permitted votes on amendments for the first time, and of the electronic voting system installed in 1973. The House voted more often than the Senate for the first time in memory.

The increasing amount of time spent on voting led to efforts in the House during 1975 to reduce the number of votes. (*Background, Weekly Report p. 2663*)

Year	House	Senate	Total
1975	612	602	1,214
1974	537	544	1,081
1973	541	594	1,135
1972	329	532	861
1971	320	423	743
1970	266	418	684
1969	177	245	422
1968	233	291	514
1967	245	315	560
1966	193	235	428
1965	201	258	459

subsidies, emergency employment and oil price controls indicated that the legislative stalemate was by no means all-pervasive. In addition to these, there were many other measures, such as the energy policy act, aid to New York, retention of the food stamp program and a Social Security increase, that Ford had difficulty accepting but signed into law anyway. Thus there were areas of accommodation beneath the surface and hidden by the attention given the vetoes where accommodation was feasible and productive.

Foreign Policy

In perhaps no other field did Congress exert as much pressure on the executive as it did in foreign affairs and defense. Here, more than in any other area, the early predictions of a return to congressional government were closest to the mark.

The session began with Congress resolutely opposed to the President's request for more military aid to the foundering regime in South Vietnam and ended with an equally firm "no" to U.S. involvement in the civil war in the African nation of Angola.

In between, Congress forced on the administration first a total, and then a partial, embargo on arms deliveries to Turkey, the result of that nation's use of American weapons in its 1974 invasion of Cyprus. Intended for Turkey's defense, their use in the 1974 invasion violated U.S. foreign aid laws.

This was just the first sample of a new attitude in Congress on foreign policy questions. In September, it insisted on a thorough examination of Secretary of State Henry A. Kissinger's request for authority to station American civilians in the Sinai as part of the administration's Middle East agreement between Israel and Egypt. And it exacted a promise from Kissinger that there would be no secret commitments made with either nation.

Ford also was forced to modify a sale of missiles to Jordan, delay construction of a proposed U.S. refueling facility on the Indian Ocean island of Diego Garcia and proceed slowly in negotiations for a new Panama Canal treaty. New concern over the amount of arms being sold or given to foreign countries by the United States delayed action on the annual foreign military aid authorization and sparked a reassessment of the military sales program.

Closer to home, the federal government's intelligence and security apparatus came under unprecedented congressional scrutiny. Although the violations of law by the CIA, FBI and other government agencies uncovered by select committees of the House and Senate went unchallenged, administration critics of the investigations maintained that in several instances, Congress was engaging in "McCarthy-era" tactics.

This charge was directed, in particular, at two House committees that voted to cite Kissinger and Commerce Secretary Rogers C.B. Morton for contempt of Congress for their failure to comply with requests for certain classified documents. Last-minute compromises averted floor votes on the citations. Never in the nation's history had a cabinet member been cited for contempt by either house.

The "no" on deeper U.S. involvement in Angola was cast by the Senate on the last day of the session, and the issue delayed a final vote in the House on the \$90.5-billion defense appropriations bill until the second session convened in 1976.

Unlike the congressional response to the Vietnam experience, in which Congress delayed attaching meaningful

restrictions to an appropriations bill aimed at avoiding military involvement until after the war was over, the 1975 defense bill was the first legislative instrument to express congressional policy on Angola. In the 1960s, both the Johnson and Nixon administrations challenged Congress to approve language prohibiting use of military funds in the Vietnam conflict. Such action, they were fond of repeating, was the only effective way to bring the war to a close.

The defense bill was a harbinger of other developments: the Ford administration's acquiescence in a level of defense spending—about \$7-billion below the Pentagon's original request—that was one of the irritations between the White House and Defense Secretary James R. Schlesinger that led to his replacement in the Nov. 2 Cabinet shakeup.

—By Michael D. Wormser

Summary of Legislation

Following, in alphabetical order, is a summary of major legislation enacted and legislation on which action was not completed during the first session (bills on which action was completed but not containing public law numbers had not been signed by the President as of Dec. 22 and were subject to being vetoed).

Agriculture

ACTION COMPLETED

Emergency Farm Bill. The House May 13 failed to override President Ford's first veto of the 94th Congress. The 245-182 vote was 40 votes short of the two-thirds majority needed to override Ford's veto of HR 4296, which would have raised price supports for the 1975 crops of wheat, cotton, corn and other feed grains and provided for quarterly adjustments in dairy price supports. The House had passed the bill March 20 and the Senate March 26.

Supporters of the bill claimed it was needed to avoid a potential cost-price squeeze caused by an expected record 1975 crop which would cause prices to fall while production costs continued to rise. Ford said the bill would add \$1.8-billion to the fiscal 1976 federal deficit and undermine existing market-oriented farm policies. (*Weekly Report p. 1045*)

Tobacco Price Supports. Congress did not attempt to override Ford's Sept. 30 veto of HR 9497, which would have increased tobacco price support levels. Supporters claimed the bill was needed to keep pace with higher costs of tobacco production and provide growers with greater security, but Ford said the bill would hamper tobacco exports and increase federal spending. (*Weekly Report p. 2147*)

Milk Price Supports. In the last days of the session, Congress cleared S J Res 121, calling for quarterly adjustments of the support price for milk until March 31, 1978, and an increase in the support price to a minimum of 85 per cent of parity. The House adopted the conference report Dec. 17 and the Senate Dec. 18. President Ford vetoed two previous congressional attempts to provide quarterly milk price adjustments. (*Weekly Report p. 2892*)

ACTION NOT COMPLETED

Rice Production. After an unsuccessful attempt in 1974, the House Dec. 16 passed a bill (HR 8529) suspending the marketing quota system for rice, establishing a target price system and authorizing a rice research program. Although the Senate reported a similar bill (S 2260) Dec. 15, there was no Senate vote on either bill by the end of the session. (*Weekly Report p. 2891*)

Beef Promotion. The House Dec. 15 recommitted the Beef Research and Promotion Act (HR 7656) to conference by a 263-112 vote. The bill, which would authorize cattle producers to tax themselves in order to promote beef consumption through advertising, information programs and research, was passed overwhelmingly by the House Oct. 2. However, House members objected to a Senate amendment, upheld in conference, which changed provisions for the referendum by which cattle producers would vote on the program. House members claimed the new voting formula was weighted too heavily in favor of large cattle producers. (*Weekly Report p. 2790*)

Congress and Government

ACTION COMPLETED

Filibuster Rule. An important change in Senate procedures adopted in 1975—and the most sought

after—was the modification of the cloture rule (Rule 22) to permit 60 senators to end a filibuster on a bill or amendment and bring the issue to a vote.

Under the rules change, a vote of three-fifths of the entire Senate membership (60 if there are no vacancies) is required to end a filibuster on any matter except a proposed change in the Standing Rules of the Senate.

The old Rule 22, in effect since 1917 with only minor change, required a two-thirds majority of senators present and voting to end debate.

Advocates of changing Rule 22 to make it easier to end filibusters began their 1975 drive soon after the 94th Congress convened Jan. 14. The actual floor battle began in February and consumed three weeks of debate before the change was approved March 7.

Much of that time was spent in overcoming the delaying tactics of opponents, led by Sen. James B. Allen (D Ala.). Although he lost in the end, Allen led an able anti-rules change campaign by skillful use of debate and parliamentary tactics that often confounded senators pushing the change.

As in most previous attempts to change Rule 22, the central issue in 1975 was whether the Senate could change its rules at the beginning of a new Congress by majority vote without debate on the change itself being subject to Rule 22.

Advocates of the revision, led by Sen. Walter F. Mondale (D Minn.) and Sen. James B. Pearson (R Kan.), said this was possible under the Constitution, that the Senate could be organized anew after every election. Opponents maintained that the Senate was a continuing body because only one-third of the membership is elected every two years and, therefore, the rules go on from one Congress to the next.

This dispute gave rise to efforts by the Mondale-Pearson forces to get a key ruling from the Senate's presiding officer—the Vice President—that the Senate could in effect ignore the filibuster rule at the beginning of a new Congress when it was changing its rules. Anti-filibuster proponents in the past had never succeeded in getting and sustaining this key ruling. In 1975 they did and they did not. At first, they did get such a ruling from Vice President Nelson A. Rockefeller, and it was sustained by the full Senate. The ruling, however, provoked a bitter conservative outcry against Rockefeller.

As the debate wore on, conservatives managed, they thought, to get the ruling changed. Whether in fact they did probably will depend on how future Senates look upon the actions that were taken in 1975.

The change in Rule 22 (S Res 4) was obtained through two successful cloture votes. The first, on March 5, ended debate on the pending motion to bring S Res 4 before the Senate, the second ended debate on the resolution itself. Both succeeded by identical 73-21 votes. Then, S Res 4 was adopted March 7 by a 56-27 vote. (*Weekly Report p. 545*)

Open Committee Sessions. Almost three years after the House voted in March 1973 to open up its committee bill-drafting sessions to the public and the press, the Senate Nov. 5 adopted similar rules (S Res 9). At the same time, the Senate voted to require open conference committee sessions on bills unless a majority of conferees from either the House or the Senate voted to close them. The House had voted for the change in January. (*Weekly Report p. 2413*)

The victory was the culmination of a "Government in the Sunshine" battle led by Lawton Chiles (D Fla.) and William V. Roth Jr. (R Del.).

Seniority Changes. Earlier, junior senators succeeded in winning Senate passage of legislation (S Res 60) that made significant inroads in the Senate's seniority system by permitting newer members to hire additional staff to help them with their committee duties.

By voice vote, the Senate in June approved a compromise offered by Hubert H. Humphrey (D Minn.) to allow each senator up to \$101,925 to hire staff specifically to assist them with committee assignments.

Senate Democrats in January had taken another action directed at the seniority system—the selection of committee chairmen—when they voted in their caucus to select chairmen by secret ballot whenever one-fifth of the caucus membership requested it.

The change was adopted by voice vote, and it went into effect Jan. 20. But it did not affect the selection of committee chairmen for the 94th Congress.

The rules change made it easier for senators to depose a chairman without fear of retribution. Under the procedure, a list of the senators nominated by the Democratic Steering Committee to be committee chairmen would be distributed to all Democrats. Democrats then could check the names of any nominee for chairman they wished to subject to a secret ballot. If at least 20 per cent of the caucus members wanted a secret vote on a nominee it would be held automatically two days later. (*Weekly Report p. 213*)

House Rules, Committee Changes. House Democrats consummated a six-year drive to reform the operations and structure of the House at the party's caucuses held in December 1974 and in January.

The caucus changes went to the heart of the House's power structure by transferring the task of making committee assignments from the Democrats on the Ways and Means Committee to the Steering and Policy Committee, a party unit controlled by the Democratic leadership.

The caucus continued its efforts started in previous years to make the committee chairmen more accountable by providing the Steering and Policy Committee with authority to nominate the chairmen at the beginning of each session of Congress. And it decided to make all nominees subject to automatic secret ballot election by the caucus. This paved the way for the defeat of three senior chairmen and the end of the absolute seniority system for selecting chairmen. The three deposed in 1975 were F. Edward Hebert (La.) of the Armed Services Committee, Wright Patman (Texas) of the Banking, Currency and Housing Committee and W. R. Poage (Texas) of the Agriculture Committee.

Various reasons were given for their defeat, but there was little doubt that the three had been poorly received by the 75 freshman Democrats. The freshmen had interviewed the committee chairmen in order to decide whom they would support. Each of the deposed chairmen was accused of autocratic actions that denied equal and fair treatment to other committee members. It was the first rejection of a committee chairman since 1967 when Adam Clayton Powell (D N.Y. 1945-71) was deposed. Before Powell, the last time the House dumped a committee chairman was in 1925.

In a related action, the caucus decided to require all the subcommittee chairmen of the House Appropriations Committee to stand for election along with the other House committee chairmen.

In other actions, the caucus expanded the size of the Ways and Means Committee from 25 to 37 members, which resulted in the addition of several liberals to the panel, and

decided to give the speaker the power to nominate all Democratic members of the Rules Committee, subject to caucus approval.

The caucus also:

- Partially restored proxy voting in committees—a practice Democrats had long used to control committee activities by allowing a committee member to collect the proxies of absent colleagues. Subsequently approved by the House.

- Partially backed away from a reform adopted in the fall of 1974 that guaranteed increased staffing for minority members of committees. Subsequently approved by the House.

- Recommended approval of an amendment to House Rule 28 to require that all House-Senate conference meetings be open to the public. The proposal, subsequently approved by the House, required Senate approval before it could go into effect.

- Adopted a minority staffing compromise that allowed each subcommittee chairman and ranking minority member to hire one staff person to work on their subcommittees. Subsequently approved by the House. (*Weekly Report p. 3247*)

- Approved a change in the caucus rules to prevent the calling of special caucuses on short notice. Under the change, the caucus agenda had to be given to members five days before a meeting; the same rule already applied to regularly scheduled sessions. The aim was to prevent the calling of snap caucus meetings as happened March 12 when 50 freshmen forced a session on Indochina.

- Agreed to open its meetings to the public when debating and voting on legislative policies, unless a caucus majority voted on the record and in public to close the session. Sponsors' purpose in submitting the change was to slow down caucus activity in taking positions on legislative questions.

- Ended a long-standing caucus rule providing that by a two-thirds vote it could bind its members on a floor vote on legislation. That change did not affect the rule that allowed the caucus to instruct Democratic committee members to report legislation. (*Weekly Report p. 1956*)

In a related development, the caucus, and subsequently the full House, in January voted to abolish the House Internal Security Committee—until 1969 known as the House Un-American Activities Committee. In doing so, the House transferred its jurisdiction to the House Judiciary Committee. (*Weekly Report p. 117*)

New Hampshire Seat. The Senate disposed of a major 1974 election dispute, the Wyman-Durkin contest in New Hampshire, by declaring the seat vacant effective Aug. 8 after a filibuster thwarted efforts to determine a winner. The Senate had been considering the issue since January. Durkin won in a rerun of the election Sept. 16 and took office two days later. The Senate voted Dec. 10 to award Durkin and Wyman over \$293,000 to cover personal expenses and legal fees incurred by them during the Senate's inconclusive seven-month investigation. (*Weekly Report p. 1710*)

Pay Raises. Members of Congress, military personnel and top officials and white-collar employees of the federal government received a 5 per cent pay raise Oct. 1 after Congress rejected attempts to replace it with a higher increase. The House cleared the way for President Ford's proposed 5 per cent pay raise when it voted to reject a resolution (H Res 688) to disapprove Ford's salary proposal and replace it with an 8.66 per cent pay raise recommended

by the Advisory Committee on Federal Pay. The Senate Sept. 18 rejected S Res 239, a related resolution to disapprove the President's pay plan. If either house had adopted a disapproval resolution, the higher pay raise would have taken effect. (*Weekly Report p. 2126*)

Congress July 30 had cleared a bill (HR 2559—PL 94-82) granting members and other top government officials an automatic cost-of-living pay increase every year similar to that already in use for Civil Service employees. It went into effect Oct. 1, with a 5 per cent raise the first year.

Final action came only five days after the proposal first surfaced publicly, when the Senate Post Office and Civil Service Committee attached it to a minor House-passed postal service bill. The Senate passed the combined bill by a 58-29 vote July 29, and the House July 30 cleared the measure by a one-vote margin, 214-213. The bill had strong White House backing.

Those affected by the legislation had not had a pay raise since March 1969, and advocates of the bill maintained that an adjustment in top-level salaries was long overdue. Opponents, however, charged that the measure would allow members of Congress henceforth to receive regular pay raises tied to the cost of living without having to vote on the raises. (*Weekly Report p. 1683*)

Congressional Buildings. Congress in 1975 refused to go ahead with construction of a fourth House office building. Funds for acquisition of land and preliminary planning were denied during consideration of the fiscal 1976 legislative branch appropriations bill (HR 6950—PL 94-51). For the first time in four years, there was no effort made by the House to approve an extension of the west front of the Capitol. The House leadership, which had fought hard for the project in the past in the face of Senate opposition, did not reintroduce its proposal because work could not have been completed in time for the Bicentennial celebrations. (*Weekly Report p. 1625*)

Metric Conversion. More than a century after it legalized use of metric measurements in the United States, Congress Dec. 11 gave final approval to legislation (HR 8674—PL 94-168) establishing a national board to coordinate voluntary conversion to the metric system. The final bill was considerably weaker than earlier proposals that would have mandated national use of the metric system within 10 years. (*Weekly Report p. 2759*)

ACTION NOT COMPLETED

Voter Registration. Postcard voter registration legislation failed to reach the House floor in 1975 but appeared headed toward passage in 1976. The House Administration Committee Nov. 7 approved a bill (HR 1686) to establish a nationwide postcard voter registration system for federal elections. The action revived legislation that was killed in the House in 1974. (*Weekly Report p. 2464*)

Government in the Sunshine. Congress did not complete action on legislation (S 5, HR 11007) to require that most meetings of independent federal agencies be open to the public. Under the bill, meetings could be closed for discussions of specified sensitive matters.

S 5, a companion bill to a Senate resolution dealing with open committee sessions, was passed by the Senate Nov. 6, but the House did not act on its version before adjournment. The House Government Operations Subcommittee on Government Information and Individual Rights held mark-up sessions on HR 11007 in December. It was expected to be reported in January. (*Weekly Report p. 2464*)

Copyright Law Revision. Renewing a legislative effort that had been waged unsuccessfully since 1961, the Senate Judiciary Committee Nov. 20 reported unanimously a bill (S 22) to revise the U.S. copyright laws.

The bill for the first time would require royalty payments by operators of cable television systems and jukeboxes, who previously had been exempted from copyright liability. Other controversial provisions would limit the copying of copyrighted works by schools and libraries.

The House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice completed hearings on its own copyright bill (HR 2223) Dec. 4. (*Weekly Report p. 2659*)

Lobby Law Revision. The Senate Government Operations Committee, the House Judiciary Subcommittee on Administrative Law and Governmental Relations, and the House Committee on Standards of Official Conduct all held hearings on proposed changes in the federal lobbying laws during 1975.

The most progress was made by the Senate panel, which held hearings in May and November and planned to begin markup of legislation early in 1976. (*Weekly Report p. 2797*)

Hatch Act Revision. The House Oct. 21 passed a bill (HR 8617) that would give the nation's 2.8 million federal government employees the right to participate in partisan election campaigns and to run for office. The bill to amend the Hatch Act, which had prohibited political activities by federal employees since 1939, also was reported Dec. 5 by the Senate Post Office and Civil Service Committee. Senate action on the bill was expected early in 1976. The measure faced an almost certain presidential veto. (*Weekly Report p. 2894*)

Consumer Affairs

ACTION COMPLETED

Fair Trade. With almost no opposition, Congress approved legislation (HR 6971—PL 94-145) repealing federal exemptions that protected state "fair trade" laws from challenge under the antitrust laws. The laws allowed manufacturers to dictate minimum retail prices for their products. President Ford and Congress agreed that this practice amounted to "legalized price fixing" that was costing consumers about \$2-billion a year. (*Weekly Report p. 2642*)

ACTION NOT COMPLETED

Consumer Protection Agency. The Senate broke a filibuster in May to pass the long-debated consumer protection agency bill (S 200). The House passed a similar version (HR 7575) in November by a slim nine-vote margin that surprised and disappointed supporters who were hoping for a margin sufficient to overcome an expected veto. Sponsors in both chambers, hoping for a change in the political winds, decided not to convene a conference until 1976. They predicted a compromise bill would go to the White House in early spring.

The legislation would create an independent consumer advocacy agency to represent consumer interests before other federal agencies and the courts. President Ford said such a new agency would be unnecessary and inflationary. (*Weekly Report p. 2451*)

Crime and Justice

ACTION COMPLETED

Voting Rights. Congress reaffirmed its guarantee of the right to vote for blacks and expanded that guarantee to Spanish-speaking Americans and certain other language minorities when it extended the Voting Rights Act of 1965 for seven years (HR 6219—PL 94-73). Passage came after the House turned back attempts to weaken the legislation and the Senate overcame a filibuster attempt.

Under the extension legislation, covered jurisdictions, including all or parts of seven deep South states, must still submit any proposed changes in their election laws to the attorney general who could veto those changes if he found that they discriminated against blacks.

The bill extended that same preclearance protection to substantial numbers of Spanish-speaking Americans, American Indians, Asian-Americans and Alaskan natives. In addition, for the first time it required bilingual elections in areas with significant numbers of language minorities whose illiteracy rate was higher than the national average. (*Weekly Report p. 1666*)

Rules of Criminal Procedure. Barely meeting a self-imposed Aug. 1 deadline, Congress July 30 cleared HR 6799 (PL 94-64), revising the Federal Rules of Criminal Procedure. The rules set standards in federal criminal cases for pre-trial, trial and post-trial situations such as plea bargaining, summonses and arrest warrants.

The Supreme Court had submitted proposed changes in the rules of procedure to Congress in April 1974. Those changes would have become effective automatically unless Congress revised them.

The House passed HR 6799 June 23, making 35 changes in the court's revisions including a major change in a new rule regulating defense of alibis. The Senate version, passed July 17, retained many of the House modifications, including the chief ones. (*Weekly Report p. 1667*)

ACTION NOT COMPLETED

Criminal Code Revision. The Senate continued its five-year effort to revise and reform the federal criminal code as the Judiciary Subcommittee on Criminal Laws and Procedures reported S 1 to the full committee Oct. 21. This 750-page revised version of the bill was described by the subcommittee as a consolidation of two bills (S 1 and S 1400) that died at the end of the 93rd Congress. The draft received major opposition from lawyers and civil libertarians who claimed the bill would weaken individual freedoms. There was no House action on criminal code bills (HR 333, HR 3907, HR 10850) pending before the Judiciary Subcommittee on Criminal Justice. (*Weekly Report p. 2385*)

Gun Control. Despite two apparent attempts to assassinate President Ford, the House Judiciary Subcommittee on Crime Nov. 20 reported a relatively weak gun control bill (HR 11193) to the full committee calling for mandatory sentencing for persons using firearms to commit federal felonies and increased license fees for handgun manufacturers and dealers.

The House bill did not ban the cheap, easily concealable handguns known as "Saturday Night Specials" or require a waiting period for handgun sales. Those provisions were included in draft legislation reported to the full committee by the Senate Judiciary Subcommittee on Juvenile Delin-

Consumer Product Safety. House and Senate conferees were appointed but had not met by year's end to resolve differences between two bills (S 644, HR 6844) providing the first fine tuning of the 1972 law that created the Consumer Product Safety Commission and reauthorizing funds for the agency. Both measures would prohibit the commission from regulating firearms, ammunition and cigarettes. But the House voted for several amendments not in the Senate bill, including a provision that would allow Congress to review and veto every rule and regulation proposed by the commission. (*Weekly Report p. 2321*)

No-Fault Auto Insurance. Supporters of national no-fault auto insurance legislation won an important victory in October when a House subcommittee narrowly approved a bill (HR 9650) and sent it to the full Interstate and Foreign Commerce Committee. A similar measure (S 354) was approved by the Senate Commerce Committee in July, but Senate sponsors held off on bringing it to the floor until the House moved and then decided the end-of-the-year schedule was too crowded to bring the bill up.

The legislation, which is likely to reach the full House and Senate in early 1976, would set up a nationwide insurance system that would compensate auto accident victims regardless of fault. It is supported by consumer, labor and some insurance groups and opposed most vigorously by the Association of Trial Lawyers of America. The Senate passed a no-fault bill in 1974 but it died in a House subcommittee. (*Weekly Report p. 2403*)

Antitrust Activities. The Senate in December approved a bill (S 1136) to increase funding authorizations for federal antitrust activities and establish a three-year grant program to help states improve their antitrust enforcement efforts. (*Weekly Report p. 2880*)

A more comprehensive measure (S 1284) aimed at strengthening the government's hand in prosecuting antitrust cases was still awaiting action by the Senate Judiciary Committee at year's end. In July, the House Judiciary Committee approved one title of that measure as a separate bill (HR 8532) authorizing state attorneys general to bring antitrust suits to recover damages on behalf of citizens. The House Rules Committee shelved the bill in November after a flurry of business lobbying against it, but sponsors said they would try again to bring the bill to the floor early in 1976. (*Weekly Report p. 2542*)

Food Labeling and Inspection. Subcommittees of the Senate Commerce and Labor and Public Welfare Committees completed joint hearings in June on a comprehensive food safety and labeling proposal (S 641) similar to a bill passed by the Senate in 1974 and on a less stringent version drafted by food industry groups (S 1168). No other action was taken in the Senate or House. (*Weekly Report p. 1181*)

Credit Cards. The House passed a bill (HR 10561) in November that would prohibit retailers from adding a surcharge to items purchased with credit cards. It was intended to clear up confusion about the intent of the 1974 Fair Credit Billing Act, but consumer advocates were divided on the question of whether such surcharges are any different from discounts for cash-paying customers—which the law allowed for the first time. A bill to expressly authorize surcharges for credit card purchases was pending before a subcommittee of the Senate Banking, Housing and Urban Affairs Committee. (*Weekly Report p. 2542*)

Major Nominations in 1975

The following major and controversial nominations were acted upon by the Senate during the session. Of a total 3,439 civilian nominations submitted by President Ford, 234 were returned, six withdrawn for various reasons and 178 remain pending for consideration in the second session of the 94th Congress.

CABINET

Rogers C. B. Morton, commerce secretary; confirmed by voice vote April 25. (*Weekly Report p. 935*)

Elliot L. Richardson, commerce secretary; confirmed by voice vote Dec. 11. (*Weekly Report p. 2777*)

Donald Rumsfeld, defense secretary; confirmed 95-2, Nov. 18. (*Weekly Report p. 2575*)

F. David Mathews, health, education and welfare secretary; confirmed by voice vote July 22. (*Weekly Report p. 1620*)

Carla A. Hills, housing and urban development secretary; confirmed 85-5 March 5. (*Weekly Report p. 482*)

Stanley K. Hathaway, interior secretary; confirmed 60-36, June 11; resigned July 25. (*Weekly Report p. 1648*)

Thomas S. Kleppe, interior secretary; confirmed by voice vote Oct. 9. (*Weekly Report p. 2207*)

Edward H. Levi, Attorney General; confirmed by voice vote Feb. 5. (*Weekly Report p. 309*)

John T. Dunlop, labor secretary; confirmed by voice vote March 6. (*Weekly Report p. 505*)

William T. Coleman Jr., transportation secretary; confirmed by voice vote March 3. (*Weekly Report p. 482*)

SUPREME COURT

John Paul Stevens, associate justice; confirmed 98-0, Dec. 17. (*Weekly Report p. 2698*)

EXECUTIVE BRANCH

Ben B. Blackburn, chairman, Federal Home Loan Bank Board; rejected in committee by a 5-8 vote Nov. 12. (*Weekly Report p. 2447*)

Isabel A. Burgess, member, National Transportation Safety Board (renomination); rejected in committee by a 7-11 vote Nov. 13. (*Weekly Report p. 2550*)

George Bush, director, Central Intelligence Agency; approved in committee by a 12-4 vote Dec. 18. (*Weekly Report p. 2816*)

Joseph Coors, member of the board, Corporation for Public Broadcasting; tabled in committee by an 11-6 vote Oct. 30. (*Weekly Report p. 2842*)

Nathaniel Davis, ambassador to Switzerland; confirmed by voice vote Nov. 19.

Jack M. Eckerd, administrator, General Services Administration; confirmed by voice vote Nov. 14. (*Weekly Report p. 2545*)

William Kendrick, member, Equal Employment Opportunity Commission; returned to the President Dec. 19.

James T. Lynn, director, Office of Management and Budget; confirmed by voice vote Feb. 5. (*Weekly Report p. 309*)

Daniel P. Moynihan, ambassador to the United Nations; confirmed by voice vote June 9. (*Weekly Report p. 1216*)

Betty Southard Murphy, chairman, National Labor Relations Board; confirmed by voice vote Feb. 6.

James F. Hooper III, director, Tennessee Valley Authority; returned to the President Dec. 19. (*Weekly Report p. 2789*)

John E. Robson, chairman, Civil Aeronautics Board; confirmed by voice vote April 18. (*Weekly Report p. 980*)

Laurence Silberman, ambassador to Yugoslavia; confirmed by voice vote May 7.

Earl J. Silbert, U.S. attorney for the District of Columbia; confirmed 84-12 Oct. 8. (*Weekly Report p. 2174*)

Neil O. Staebler, member, Federal Election Commission; confirmed by voice vote April 10; motion to recommit nomination to committee for further consideration previously defeated 24-58. (*Weekly Report p. 765*)

MISCELLANEOUS

Thomas J. Meskill, judge for the Second Circuit Court of Appeals; confirmed 54-36 April 22. (*Weekly Report p. 893*)

Alton D. Slay, promoted to Lieutenant General; confirmed 49-42 Oct. 28. (*Weekly Report p. 2332*)

quency Dec. 1. The Senate bill also restricted multiple gun purchases and provided for an additional penalty of five to 15 years imprisonment for any person convicted of commission of a felony while armed with a firearm. The penalty would be mandatory for a second offense. (*Weekly Report p. 1599*)

FBI Director's Tenure. For the second year in a row, the Senate passed legislation (S 1172) limiting the director of the FBI to one 10-year term of office. The House again took no action. The bill was intended to avoid a repeat of a situation such as former FBI Director J. Edgar Hoover's 48-year tenure. (*Weekly Report p. 627*)

Parole Reorganization. A bill (HR 5727) to establish a U.S. Parole Commission as an independent agency within

the Justice Department and to set standards for parole procedures aimed at more definitive and equitable treatment of prisoners bogged down in conference at the end of the session. The bill passed the House May 21 and the Senate Sept. 16. Despite holding what one House subcommittee aide described as "marathon" sessions, conferees remained in disagreement. Chief differences between the House and Senate versions concerned whether to shift the burden of proof for determining suitability for parole from the prisoner to the parole board and whether to give credit for time spent outside of prison if a prisoner violated parole and was re-incarcerated. (*Weekly Report p. 2130*)

Federal District Judgeships. Legislation (S 287) to create 45 additional district court judgeships in 40 federal

judicial districts was reported by the Senate Judiciary Committee Sept. 24 but never reached the floor. Reportedly, the leadership did not call it up because several senators planned to offer amendments to restrict the power of the court in busing cases. (*Weekly Report p. 2130*)

Economic Affairs

ACTION COMPLETED

Tax Cuts. Moving quickly to counter a deep economic recession, Congress March 26 cleared a \$22.8-billion emergency tax cut to bolster consumer and business purchasing power.

President Ford March 29 signed the measure (HR 2166—PL 94-12) into law, nonetheless protesting congressional actions that went far beyond his own \$16-billion tax cut proposal in both size and scope.

In its final form, HR 2166 put a Democratic stamp on the tax reduction program that was the federal government's primary response to a severe economic decline. The measure accordingly shifted the tax cuts toward lower income levels, repealed the percentage depletion allowance for major oil companies and carried several controversial provisions written in by the Senate.

As Congress pushed to enact the bill before its Easter recess, Senate Finance Committee Chairman Russell B. Long (D La.) forced House conferees to accept scaled-down versions of several Senate amendments that had pushed the bill's potential cost above \$30-billion.

The House Feb. 27 had passed a \$19.9-billion version of HR 2166 that would have cut individual income taxes by \$16.2-billion and business taxes another \$3.6-billion. Ford had proposed a one-shot \$12-billion rebate of 1974 personal taxes, but the House accepted the Ways and Means Committee's proposal coupling \$8.1-billion in 1974 tax refunds with another \$8.1-billion in reduced 1975 tax withholding.

While accepting the committee's proposals for cutting business taxes, the House overrode Chairman Al Ullman's (D Ore.) objections by tacking on a depletion repeal amendment offered by dissident Ways and Means members.

The issue was forced by the House Democratic Caucus, which voted 153-98 to instruct the House Rules Committee to allow a floor vote on amendments repealing the depletion allowance, effective in 1975. In a long-sought victory for tax revision advocates, the full House accepted the amendment by a 248-163 vote.

In the Senate, the Finance Committee restructured the House bill's tax reductions and raised the total cut by \$9.3-billion. Under Long's guidance, the panel dropped depletion repeal provisions but tacked on other controversial measures, including a 5 per cent tax credit for buyers of unsold new homes.

After complicated floor maneuvering, the Senate passed HR 2166 with several additional provisions, including \$100 bonus payments to federal benefit recipients, a crackdown on foreign tax benefits for major oil companies and depletion repeal with a permanent exemption for small oil and gas producers.

Although the House-Senate conferees scaled the tax cuts back down to \$22.8-billion, Long allied with liberal Senate conferees to preserve most controversial Senate provisions. In its final form, therefore, the bill included scaled-down versions of both the home-buying credit and federal bonus payments, as well as a more limited but still

permanent exemption allowing small producers to keep taking the depletion allowance. (*Weekly Report p. 631*)

Tax Cut Extension. After three months of maneuvering with President Ford over federal spending curbs, Congress Dec. 19 cleared a six-month tax cut extension (HR 9968—PL 94-164) that continued 1975 reductions at an \$8.4-billion level through June 30, 1976.

Congress completed action on the tax cuts, however, only after House and Senate Democrats agreed to a closely hedged commitment to cut fiscal 1977 outlays to offset further revenue losses if the tax reductions were continued beyond the first half of 1976. Ford accepted that compromise, although Congress had refused his demand for a flat \$395-billion ceiling. (*Spending ceiling, p. 2848*)

That commitment to restrain spending was accepted after the House Dec. 18 by a 265-157 vote upheld Ford's veto of an earlier six-month tax cut extension (HR 5559) that lacked any spending language.

The House Dec. 4 had passed a full-year, \$15.5-billion tax cut extension as part of comprehensive tax revision legislation (HR 10612). Deferring action on the bill, the Senate Finance Committee drew up an \$8-billion, six-month extension, through the rest of fiscal 1976, and offered that as a compromise with Ford.

The Senate passed that version, written into a minor House-passed bill (HR 5559), on Dec. 15. The House and Senate Dec. 17 agreed to a conference report providing a modified six-month extension, but Ford promptly vetoed the bill. The House sustained the veto the next day.

The Finance Committee revived the compromise tax cuts, linked to the spending restraint language, as amendments to another minor House-passed bill (HR 9968). The Senate passed it by a 72-7 vote, and the House followed suit by a 372-10 margin after rewriting the spending provision. The Senate then concurred in that modification, and cleared the bill. (*Weekly Report p. 2763*)

Budget Control. Congress completed the first use of its new budget procedures by enacting a spending ceiling and a tax floor for fiscal year 1976.

The second concurrent resolution on the budget (H Con Res 466) cleared Dec. 12, replaced targets set in May in the first concurrent resolution (H Con Res 218) with a ceiling of \$374.9-billion for outlays and a floor of \$300.8-billion for revenues, with a resulting \$74.1-billion deficit.

The second resolution locked Congress into the prescribed amounts of spending and revenue for the rest of the fiscal year. However, spending still could rise as a result of increases in "uncontrollable" items such as entitlement programs and possible revisions by Congress of the spending totals.

Congress did not completely implement the new budgetary procedures, mandated by the Congressional Budget and Impoundment Control Act of 1974 (PL 93-344). As part of a "trial run," it skipped setting binding spending ceilings on the 16 functional categories of the budget, such as defense and health. However, the House and Senate Budget Committees did propose targets for each of these areas.

Predictably, the new procedure had rough sledding at several points during the year. House Republicans opposed the size of the deficit, while many liberals were unhappy about cuts in social programs. In the Senate, Appropriations Committee Chairman John L. McClellan (D Ark.) criticized the process as "confusing."

Congress missed the deadline for adoption of the second resolution by three months. This raised questions as to

whether work could be completed on schedule for the 1977 budget, when the procedures would be fully implemented. (*Weekly Report p. 2795*)

Debt Limit. Congress three times extended the temporary federal debt ceiling, although the House twice defeated an initial measure before accepting a more limited extension.

On those occasions, House members used the debt limit bill to cast token votes against federal deficits. In a more serious debate, however, the House approved a final 1975 extension that Republicans were trying to use as a vehicle for the \$395-billion fiscal 1977 spending ceiling demanded by President Ford. (*Spending limit, see below*)

In February, Congress enacted a \$531-billion debt limit through June 30 (HR 2634—PL 94-3) after the House abandoned its tentative plan to use the measure as a vehicle for blocking President Ford's \$1 oil import fee. (*Energy action, p. 2850*)

The House Ways and Means Committee had linked provisions suspending the President's import fee powers to the debt limit increase in hopes of avoiding a presidential veto. That strategy followed the Senate's long-standing tactic of adding controversial measures to debt limit bills that must be enacted to allow the Treasury to keep funding government operations.

House leaders had second thoughts about that tactic, however, and the Rules Committee split the initial measure (HR 1767) into two. Both the House and Senate then passed the debt limit bill without amendments.

In June, the House rejected by a 175-225 vote the Ways and Means Committee proposals (HR 7545) for a \$616.1-billion temporary debt limit through fiscal 1976. The committee came back with a \$577-billion limit through Nov. 15 (HR 8030—PL 94-47), which was accepted by a 223-196 vote in the House and a 72-21 vote in the Senate.

As that Nov. 15 expiration date neared, the House again balked at extension, this time defeating by a 178-217 vote the committee's proposal for a \$597-billion ceiling through March 31, 1976 (HR 10049). That set the stage for Republican efforts to trade their support for a follow-up \$595-billion ceiling through March 15, 1976, for a House floor vote on a spending ceiling.

The House blocked that maneuver, voting by a 221-185 margin against permitting the Republicans to offer a spending limit amendment to the debt ceiling bill. With House leaders mustering Democratic votes, the House then passed the \$595-billion debt ceiling by a 213-198 vote. The Senate quickly cleared the bill (HR 10585—PL 94-132) by voice vote. (*Weekly Report p. 2435, 1408, 354*)

Securities Overhaul. Congress May 22 completed a four-year review of the nation's securities industry by clearing legislation (S 249—PL 94-29) to encourage development of a national system for buying and selling stocks.

Through far-reaching changes in federal securities regulatory laws, the measure was expected to clear the way for integration of existing securities markets into a more open and competitive system. Without spelling out the exact form of that system, the legislation removed federal regulations and industry practices that restricted investors' access to the nation's 13 stock exchanges and the over-the-counter market in corporate stocks.

The measure strengthened the Securities and Exchange Commission's (SEC) oversight powers and mandated significant changes in the way stock exchanges operate. Controversial provisions prohibited exchange members from buying and selling stocks for affiliated

financial institutions and upheld the SEC order that abolished fixed commission rates on May 1, 1975.

The measure was based on conclusions reached in 1972 by separate studies of securities industry problems by the House Interstate and Foreign Commerce Subcommittee on Commerce and Finance and by the Senate Banking, Housing and Urban Affairs Subcommittee on Securities. (*Weekly Report p. 1126*)

Jobless Aid Extension. Congress June 26 cleared emergency legislation (HR 6900—PL 94-45) extending the period in which most of the nation's jobless workers could collect up to a year and three months of unemployment benefits. The bill also increased the number of homes that could qualify for a special federal tax credit.

PL 94-45 continued through the end of 1975 a temporary program that gave jobless workers covered under the regular federal-state compensation system up to 65 weeks of unemployment benefits. After Jan. 1, 1976, the duration of a jobless worker's benefits would depend on the severity of unemployment in his state.

The bill extended through the end of 1976 a second temporary compensation program which paid benefits to workers not normally covered by the regular federal-state program—mainly farm workers, domestics and state and local government employees. Such jobless workers would be eligible for 39 weeks of benefits. (*Weekly Report p. 1425*)

Jobs Funds. The House June 4 sustained President Ford's veto of a Democratic-sponsored appropriations bill (HR 4481) aimed at creating more than one million jobs in both the public and private sectors. Consideration of the bill came as the national unemployment level was climbing to its May 1975 high of 9.2 per cent.

ACTION NOT COMPLETED

Spending Ceiling. Congress refused President Ford's demand for a \$395-billion ceiling on fiscal 1977 spending as a condition for extending 1975 tax reductions into 1976.

After the House Dec. 18 sustained Ford's veto of a compromise six-month tax cut extension, Congress agreed to compromise language making a conditional commitment to hold down outlays if the tax reductions were extended again. Coupled with a substitute six-month extension, that measure was cleared Dec. 19. (*Tax bill, p. 2847*)

That closely hedged promise to curb spending fell far short of Ford's initial proposal for a \$395-billion spending limit linked to a \$28-billion tax cut proposal. It also skirted a firm commitment to cut spending a dollar for every dollar in tax cuts.

The final version carefully reserved the right of Congress to adjust total spending, moreover, after determining through its newly created budget procedures that economic conditions or changed circumstances required higher or lower outlays. (*Weekly Report p. 2763*)

Tax Revision. The Senate Finance Committee put off action on a massive tax revision measure (HR 10612) that the House passed Dec. 4.

The product of several years' study by the House Ways and Means Committee, the 674-page omnibus bill included a broad range of tax law changes, some simplifying existing provisions but others cracking down on abuses.

To bolster House floor support for those measures, the committee in reporting HR 10612 linked them to politically popular extension of 1975 tax reductions. While technically never acting on HR 10612, the Finance Committee reported

a separate bill that carried its version of extended tax cuts to the Senate floor. (*Tax cut action, p. 2847*)

The bill's most controversial tax revision components would crack down on tax shelter investments, tighten the minimum tax on preference income and curb exporting tax incentives.

Other provisions would revise capital gains taxes, es, end some foreign tax preferences, simplify various individual tax deductions, restrict some business deductions and make administrative and technical tax changes.

To assure committee approval of HR 10612, Ways and Means Committee Democrats agreed on floor procedures allowing their liberal members to offer floor amendments to tighten some provisions as written by the full panel. The House accepted three proposals, which further tightened the minimum tax provisions, deleted repeal of a withholding tax on foreigners' portfolio investments and removed a controversial provision allowing capital loss carrybacks worth \$167-million to wealthy investors, including industrialist H. Ross Perot. (*Weekly Report p. 2626*)

Financial Institutions. The Senate took a first step toward revamping the U.S. financial system by passing wide-ranging legislation (S 1267) to make banks and thrift institutions more competitive.

As passed by the Senate Dec. 11, S 1267 would broaden the powers of commercial banks, savings and loans associations and other financial institutions, allowing them to offer more diversified services and broaden their lending activities. Its basic purpose was to assure a steadier flow of private savings into financial institutions, and through them to housing and other credit-needing purposes.

Key provisions extended federal interest rate ceilings, authorized interest on checking accounts and nationwide use of negotiable order of withdrawal (NOW) accounts and allowed thrift institutions to hold checking accounts. Related provisions to be taken up as separate legislation would end tax preferences for savings and loan associations and introduce a tax credit for mortgage lending by financial institutions.

The House deferred action on most of the bill's provisions until 1976, pending completion of a massive financial institutions study by its Banking, Currency and Housing Committee. (*Weekly Report p. 2870*)

Public Works. The House delayed until 1976 final action on a controversial bill (HR 5247) that would authorize \$6.1-billion for job-creating public works projects and anti-recession aid to cities.

Although the Senate had adopted the conference report on the bill in the final days of the session, House supporters decided to hold off action because some controversial parts of the bill might need special clearance from the Rules Committee.

In addition, President Ford was expected to veto the bill and the House wanted an opportunity to attempt to override.

The final version of the bill authorized \$2.5-billion to fully federally fund a variety of public works projects. It authorized \$1.5-billion in anti-recession aid to help financially pressed cities sustain vital services and prevent layoffs. Another \$1.4-billion was authorized for wastewater treatment grants while \$500-million was authorized to continue the Job Opportunities Program for an additional nine months. Finally, the bill set aside \$100-million for grants to urban areas to assist with job-creating redevelopment plans. (*Weekly Report p. 2792*)

Jobless Benefits Revision. The House Ways and Means Committee Dec. 16 reported a bill (HR 10210) to revise the nation's unemployment compensation system, but the House took no further action in the first session.

As reported, the bill extended jobless benefits protection to most farm workers, domestics and state and local government employees. To place the heavily indebted system on firmer financial footing, the measure raised the taxable wage base to \$8,000, from \$4,200, annually and raised the federal tax rate to 0.7 per cent as of Jan. 1, 1976. The rate would fall back to 0.5 per cent in 1982 or sooner if loans from the general Treasury were repaid before then. The bill also established a national commission to make an in-depth study and report on the unemployment compensation system.

Not included was a provision, sought by labor and opposed by business, that would set minimum jobless benefit payments. The administration had also endorsed a minimum benefit. Without that controversial provision, it seemed sure that the bill would be approved when it came to the floor.

The bill would have made emergency fiscal 1975 appropriations of \$5.3-billion. Of that amount, \$2.3-billion was designated for direct job creation, including 180,000 additional public service jobs and 840,000 summer jobs for youths.

The remaining funds were earmarked for various public works programs and other federal construction programs which were expected to generate additional jobs in the private sector.

Ford said the bill came too late to aid the economy's recovery and would only contribute to inflation.

The House sustained his veto on a 277-145 vote, five votes short of the two-thirds necessary to override. Twenty-two Democrats voted to sustain. (*Weekly Report p. 1159*)

Congress subsequently enacted appropriations for public service and summer youth jobs. (*Weekly Report p. 1390, 1234*)

Common-Site Picketing. Fulfilling a long-sought legislative goal of organized labor, Congress Dec. 15 cleared a bill (HR 5900) that would allow a local union with a grievance against one contractor to picket all of the other contractors or subcontractors at the same construction site. The legislation would overturn a 1951 Supreme Court decision which ruled such picketing an illegal secondary boycott.

But the bill was adamantly opposed by contractors and other businessmen, and as the first session closed, it was unclear whether President Ford would sign it into law.

Earlier in the year, Ford had publicly and privately agreed to sign the bill if certain conditions, including the establishment of a construction industry collective bargaining committee to hold down negotiation strife, were met. Congress agreed with those conditions, but growing opposition to the bill prompted a filibuster in the Senate.

Opponents, including many Republican politicians, hoped to convince Ford to veto the bill by suggesting that he could lose valuable political support and campaign contributions to Republican presidential contender Ronald Reagan if he signed the bill.

Supporters of the bill, including Labor Secretary John T. Dunlop, dismissed opponents' arguments that the legislation would lead to more strikes. In fact, Dunlop said, construction industry negotiations in 1976 would be "unmitigated hell" without the legislation.

Energy and Environment

ACTION COMPLETED

Energy Policy. Congress Dec. 17 sent President Ford an omnibus energy policy bill, the product of a year's work by a variety of congressional committees to reconcile the regional, jurisdictional, philosophical and political interests which clashed on the energy issue.

A composite of four Senate bills approved in April and July (S 622, S 1883, S 349, S 677) and an omnibus House measure approved after marathon consideration in September (HR 7014), the final bill (S 622) set out a congressional energy program to move the nation toward energy independence.

Among its major provisions were those granting the President new powers to control the flow of energy supplies and materials; providing standby authorities to exercise in an energy emergency; creating a national strategic reserve of oil for insulation against a future oil embargo; setting mandatory fuel efficiency standards for automobiles; continuing federal controls on the price of domestic oil for at least three years; and authorizing government audits to verify information submitted to federal agencies by energy producers and distributors.

The oil industry, unhappy with the oil pricing sections of the bill, mounted an intensive lobbying campaign to persuade the President to veto the measure. But on Dec. 22 Ford ended weeks of suspense and announced that he would sign it. (*Weekly Report p. 2766*)

Strip Mining. For the second consecutive year, a presidential veto halted enactment of a bill providing for federal regulation of surface mining for coal and for reclamation of previously stripped and abandoned coal lands. In 1974, President Ford pocket-vetoed such a bill (S 425). In May 1975, Congress cleared a similar bill (HR 25) for the White House, and President Ford vetoed it May 20, saying that it would cost too much in lost jobs and lost coal production. The House June 10 failed by three votes to override the veto, 278-143.

The Senate in July added provisions similar to those of HR 25, but affecting only public lands, to its bill (S 391) revising federal coal leasing policies. The House Interior Committee in November refused to add similar language, affecting public and private lands, to its version of the coal leasing bill (HR 6721), but in December did put the strip mining measure back on its agenda for consideration early in 1976. (*Weekly Report p. 1255, 964*)

Oil Import Fee Suspension. Congress did not attempt to override President Ford's veto of a bill (HR 1767) suspending for 90 days his authority to impose increased import fees on foreign oil. Ford imposed the first of three planned \$1-per-barrel increases in this import fee Feb. 1. Congress sent the suspension bill to the White House Feb. 19. Ford vetoed the bill March 4, but congressional leaders postponed a vote to override the veto in exchange for Ford's extension of his deadline for Congress to come up with a comprehensive energy bill.

Ford added a second \$1 increase June 1, but never imposed the third. Congress never voted on overriding the veto of HR 1767, but a federal court in August ruled that Ford had overstepped the authority delegated to him by Congress in imposing the import fees in the first place. The administration appealed this ruling to the Supreme Court,

which was expected to hear arguments in the case early in 1976. (*Weekly Report p. 517*)

Pesticide Regulation. After months of delay and controversy, Congress cleared legislation (HR 8841—PL 94-140) in late November extending the Environmental Protection Agency's (EPA) pesticide regulation program through March 1977.

Several interim extensions for the Federal Insecticide, Fungicide and Rodenticide Act were passed during the year while Congress wrestled with the complaints of farm and chemical industry groups that the agency had been overzealous in protecting the environment and insensitive to their needs. The final compromise, which satisfied neither environmentalists nor EPA critics, set up a formal procedure for Agriculture Department comment on EPA pesticide actions and stretched out the timetable for the agency's new program of registration and classification of pesticides. (*Weekly Report p. 2551*)

Nuclear Insurance. Congress Dec. 17 cleared for the White House a 10-year extension of the federal program of insurance for the nuclear power industry in the event of a nuclear power accident. The bill (HR 8631—PL 94-000), approved by the House Dec. 8 and the Senate Dec. 16, extended coverage of the combined federal/private insurance program to all plants licensed before Aug. 1, 1987. The law would otherwise have expired Aug. 1, 1977.

The major controversy during consideration of the bill focused on the industry liability limit contained in the law. Under the limit, the industry could not be liable for more than \$560-million in damages, no matter how extensive the injuries caused by a nuclear accident. Efforts to eliminate this limit from the law were defeated in both chambers. (*Weekly Report p. 2773*)

ACTION NOT COMPLETED

Energy Taxes. The Senate Finance Committee sidetracked a stripped-down energy tax measure (HR 6860) that the House had passed June 19.

As House Ways and Means Committee members acknowledged, the bill at best was only a start toward a national energy policy, especially after the House turned down the gasoline tax increase that was its toughest conservation incentive.

The Finance Committee rewrote some provisions before Congress recessed in August, but Chairman Russell B. Long (D La.) let the matter lie thereafter as Congress debated oil price decontrol and other energy issues.

When the Ways and Means panel started debating energy tax measures in March, their recommendations were expected to form the basic congressional alternative to President Ford's plan for promoting U.S. energy independence by raising the price to consumers.

Working from draft proposals drawn up by its Democratic majority, the panel opted for a phased-in approach to protect the nation's sinking economy from the jolt that rising energy prices might deliver. Searching for an energy-saving strategy, moreover, they settled on gasoline tax increases to discourage use of gasoline by private automobiles.

After weeks of strenuous bargaining, the panel agreed to an omnibus measure built around a standby 20 cents per gallon gasoline tax that would be automatically triggered as gasoline consumption rose. The bill also established oil import quotas and duties intended to replace President Ford's two \$1 oil import fees, lenient taxes on inefficient

automobiles, an excise tax on business use of oil and natural gas, an energy trust fund and various tax incentives for home and business energy conservation.

The committee reported that package by a narrow 19-16 margin, with all 12 Republicans opposing the measure because it ignored Ford's demand for a windfall profits tax keyed to oil price decontrol.

In sending HR 6860 to the floor, the panel underestimated congressional resistance to raising gasoline taxes, especially among new House members who campaigned against such taxes in 1974. The House dismantled the package on the floor, stripping out the 20 cents standby tax by a stunning 345-72 vote. After taking out a companion 3 cents gasoline tax to finance the trust fund and then substituting mandatory efficiency standards for the automobile taxes, the House passed the remaining provisions by a 291-130 vote. (*Weekly Report p. 1638*)

Land Use. Congress did not act on land use planning in 1975. Consideration was blocked when the House Interior Committee refused to report such legislation to the full House. After an intense lobbying campaign and a month of work drafting such a bill (HR 3510), the committee refused, in mid-July, to order the bill reported. The motion to report the bill failed by a four-vote margin. HR 3510 would have provided federal aid to states which were willing to set up systematic procedures for classifying land according to industrial, agricultural, environmental or other uses. Participation by states would have been voluntary, but opponents of the bill criticized it as the first step toward federal zoning of private property. (*Weekly Report p. 1520*)

Energy Corporation. President Ford sent Congress in October his proposal (S 2532, HR 10267) for a \$100-billion government corporation to stimulate commercial development of new energy sources such as solar energy and synthetic fuels. The plan, which was developed by the staff of Vice President Nelson A. Rockefeller, was received coolly by members of both parties and was expected to die in committee. (*Weekly Report p. 2237*)

Clean Air. The Senate Public Works Committee and House Interstate and Foreign Commerce Committee were still wrestling at year's end with complex and controversial legislation amending the 1970 Clean Air Act. The bills, reported in draft form from subcommittees of the two panels, would stretch out timetables for compliance with pollution limits on cars and industrial plants—but not to the extent requested by the Ford administration and many of the affected industries. (*Weekly Report p. 2449*)

Toxic Substances. Legislation to set up a comprehensive regulatory scheme for screening and controlling toxic chemicals entering the environment, first proposed in 1971 and passed in differing versions by the House and Senate in the two previous Congresses, began to move again in 1975. The House Interstate and Foreign Commerce Subcommittee on Consumer Protection and Finance approved a bill (HR 10318) in December but the full committee did not have time to act. The Senate Commerce Committee began work on its version (S 776) in July and then put off further action on the controversial bill until 1976, when it is expected to be a priority item.

Environmentalists and labor groups support a strong bill, while the chemical industry favors less stringent regulation.

Natural Gas. Congress in 1975 addressed the issue of natural gas deregulation for the first time in years, but recessed without resolving the long-running controversy. In October, the Senate passed a bill providing for eventual

deregulation of new natural gas (S 2310). The deregulation language was added to the measure on the floor, over the objections of the leadership. S 2310 as introduced provided only emergency relief to curtailed pipelines during the expected shortages of the winter of 1975-76. The emergency provisions, retained in the bill passed by the Senate, temporarily exempted such pipelines from federal price controls, allowing them to buy fuel in the unregulated intrastate market where federal price ceilings do not apply.

The House did not debate a natural gas bill before the recess. The Commerce Committee, refusing to consider the long-range issue in tandem with emergency-relief measures, Dec. 15 reported out an emergency bill (HR 9464). A rule was granted for consideration of HR 9464, making in order a substitute combining both issues, but the House did not take up the bill before the end of the session. In reporting the bill, the committee conceded that the predicted shortfall of natural gas supplies was less severe than expected, reducing the impetus for congressional action. (*Weekly Report p. 2768*)

Naval Petroleum Reserves. Congress recessed its 1975 session without completing action on the question of whether or not oil and gas from reserves set aside decades earlier for the exclusive use of the military should now be produced and used for more general purposes. The effort of conferees to resolve the differences between House and Senate versions of a bill (HR 49) authorizing some production from these reserves was complicated by controversy over whether the Department of Defense or the Department of Interior should oversee such development.

The House in July approved HR 49, which transferred this authority to the Interior Department and authorized exploration and production from three of the four reserves, excluding the largest, the Alaskan reserve. Later in the month the Senate approved an amended bill which retained Pentagon control of such production and allowed more limited production from the three reserves. Conferees met several times in December, but failed to reach agreement before the end of the session. (*Weekly Report p. 1658*)

Continental Shelf Development. Congress in 1975 did not complete action on several measures intended to set guidelines for the development of oil and gas resources located on the Outer Continental Shelf and to provide some form of aid to coastal states affected by this development.

The Senate in July approved two bills designed to achieve these purposes (S 521, S 586), one in the form of amendments to the Outer Continental Shelf Lands Act of 1953, the other as amendments to the Coastal Zone Management Act of 1972. The House, earlier in the year, had set up a new Ad Hoc Select Committee on the Outer Continental Shelf, to consider another similar measure (HR 6218). The select committee held hearings but did not report that measure before the end of the session. (*Weekly Report p. 1765*)

Synthetic Fuel Loan Guarantees. Congress in 1975 refused to approve an administration-backed program of federal loan guarantees to encourage the commercialization of synthetic fuels synthesized from wood, coal, oil shale and other natural resources. The Senate in July included a \$6-billion loan guarantee program in the bill (HR 3474) authorizing funds for energy research and development programs in fiscal 1976. But the House in December adopted a motion striking out the loan guarantee program from the conference version of HR 3474, and sending the bill back to the Senate without this provision. In order to clear the authorization bill before the end of the session, the

Senate accepted the House action, killing the synthetic fuels loan guarantee program for 1975. (*Weekly Report p. 2770*)

Foreign Policy/National Security

ACTION COMPLETED

Indochina Aid. The last chapter of U.S. involvement in Southeast Asia ended May 21 when Congress cleared for the President a bill (HR 6755—PL 94-23) authorizing \$455-million for assistance programs for Vietnamese and Cambodian refugees who fled their countries before the Communist victories and resettled in the United States.

In an unusual procedure, Congress had cleared the appropriations bill (HR 6894—PL 94-24), providing \$405-million for the resettlement effort, in advance of the authorization. The bill paid for the transportation of the refugees from their home countries, their initial care and lodging in this country, and social services, medical care and welfare they might need later. (*Weekly Report p. 1075*)

Congress took up the refugee aid bill after the House May 1 rejected 162-246 the conference report on another bill (HR 6096) that would have given belated congressional approval to President Ford's use of U.S. troops in the final withdrawal of Americans and Vietnamese from Saigon before the Communist victory April 30. The bill also would have authorized \$327-million for the evacuation costs and for humanitarian assistance for the thousands of refugees.

House members objected that the provisions relating to the use of troops were moot after the Communist victory and might set a bad precedent for future troop commitments. They also complained that the refugee assistance program was too vague and undefined, and that to authorize funds would be providing a "blank check" until more definite plans were available. (*Weekly Report p. 904*)

The rapid sequence of events in Cambodia and South Vietnam had generated congressional action on a number of bills whose provisions reflected the changing military conditions, with a variety of committees considering separate bills dealing with Ford's military aid requests, refugee assistance, troop authority and appropriations. As they were overtaken by events, the bills were dropped or revised.

The refugee resettlement aid was the end result of Ford's April 10 request to Congress for \$722-million in military aid and \$250-million in humanitarian assistance for the then-tottering Saigon government. The House and Senate Armed Services Committees rejected the military aid. In addition, Ford had asked for \$222-million in additional military assistance for Cambodia; Congress, however, took no vote on the request before Cambodia fell to the Communists April 16. (*Weekly Report p. 835*)

Arms to Turkey. In a victory for President Ford, Congress reversed itself Oct. 3 and cleared a bill (S 2230—PL 94-104) partially ending an eight-month prohibition on military aid and arms shipments to Turkey.

A total ban, which had been approved by Congress in 1974, took effect Feb. 5, 1975. It was in reaction to the Turkish invasion of Cyprus in July 1974 in which U.S.-supplied armaments, intended for the defense of Turkey, were employed in violation of U.S. foreign aid laws. The invasion followed a Greek-inspired overthrow of the Cypriot government.

The Ford administration had fought the embargo for more than a year and had tried several times to induce

Congress to lift it. Twice the Senate had passed legislation—both times by one-vote margins—to ease the embargo, but the House had remained adamant in its opposition to any softening of the prohibition.

As sent to the President, S 2230 represented only a partial lifting of the aid embargo. It permitted 1) the delivery of about \$185-million worth of equipment contracted for by the Turks before the embargo took effect; 2) commercial cash sales; and 3) U.S. government sales, guarantees and credits for equipment considered necessary for Turkey's responsibilities to the North Atlantic Treaty Organization (NATO). The latter would be permitted only after enactment of the fiscal 1976 foreign military sales act authorization bill. A number of conditions were attached to the deliveries and future sales, and the President was directed to consider the military and economic aid needs of Greece. The bill also authorized \$65,640,000 for fiscal 1976 for the Board for International Broadcasting, which oversees the operations of Radio Free Europe and Radio Liberty. (*Status of foreign military sales bill, see p. 2854*)

The House passed the bill Oct. 2 by a vote of 237-176. During floor debate, members explained they were switching from their earlier support for the total embargo because of Turkey's takeover of U.S. and NATO bases in August, the resulting chill in Washington-Ankara relations and the threat of permanent damage to the NATO alliance. The Senate passed the House version the following day, completing action.

Before the October votes, the House and Senate had taken these actions in 1975: 1) The Senate May 19 passed 41-40 a bill (S 846) to lift the embargo under certain conditions; 2) the House July 24 rejected 206-223 a revised version of S 846; 3) the Senate July 31 passed 47-46 the bill (S 2230) containing the partial lifting of the embargo and the broadcasting board's authorization; 4) efforts to bring the bill to a vote in the House before the Aug. 1 recess failed in a series of floor maneuvers, delaying House action until the Oct. 2 vote. (*Weekly Report p. 2186*)

Sinai Accord. Congress gave final approval Oct. 9 to the stationing of up to 200 American civilians in the Sinai as part of an Egyptian-Israeli peace accord negotiated in September by Secretary of State Henry A. Kissinger. The House and Senate had considered the ramifications of a U.S. presence in the Middle East intermittently for more than a month before giving their approval to the resolution (H J Res 683—PL 94-110) authorizing the President to implement that provision of the peace accord.

Some members were concerned that approval of the American monitors would commit the United States to a more active role in the Middle East and imply acceptance of possible promises that Kissinger may have made to Egypt and Israel without the knowledge of Congress. Supporters of the resolution argued, however, that the two countries had insisted on the presence of the Americans as a condition of their acceptance of the peace agreement and that rejection of the resolution by Congress would jeopardize the prospect for peace in the region.

The resolution was adopted overwhelmingly by both houses, but only after it was amended to include a number of restrictions on the stationing of the Americans. (*Weekly Report p. 2151*)

Economic Aid. A two-year, \$3.1-billion foreign economic aid authorization (HR 9005—PL 94-161) was sent to President Ford Dec. 9. Final action on the bill marked the first time both houses had agreed to separating development assistance from military and security supporting aid.

Besides authorizing spending for economic development programs abroad, the bill provided for disaster assistance, voluntary contributions to U.N. organizations and aid to Cyprus and the former Portuguese colonies in Africa. A ceiling on fiscal 1976 economic aid to Chile was imposed.

HR 9005 also barred development aid to countries that discriminated against U.S. employees and officers and established a procedure for cutting off aid to countries that violated their citizens' basic human rights. The bill made policy changes in the PL 480 (Food for Peace) program and established a ratio between so-called "political" and "humanitarian" food sales abroad. (*Weekly Report p. 2705*)

Panama Canal. Congress used the fiscal 1976 appropriations bill for the State, Justice and Commerce Departments (HR 8121—PL 94-121) as a legislative vehicle for expressing its concern over the direction of State Department talks with Panama on a new treaty covering canal ownership and operations.

It gave final approval to the bill Oct. 8 after resolving a House-Senate disagreement over the use of State Department funds in the continuing negotiations over a treaty.

As cleared, the bill stated the sense of Congress that "any new Panama Canal treaty or agreement must protect the vital interests of the United States in the Canal Zone and in the operation, maintenance, property and defense of the Panama Canal."

The House had originally approved much stronger language barring the use of funds for any negotiations that would lead to the "relinquishment" of any U.S. rights in the Canal Zone. (*Weekly Report p. 2185*)

Military Construction—Diego Garcia. A \$3,585,014,000 military construction bill (HR 10029—PL 94-138) cleared by Congress Nov. 19 included \$13.8-million for construction of refueling facilities on Diego Garcia, a British-owned atoll in the Indian Ocean leased to the Defense Department.

The appropriations bill, however, prevented the expenditure of all but \$250,000 of the Diego Garcia funds until April 15, 1976, at which time the Ford administration was required to submit a report to Congress on the results of U.S. efforts to initiate negotiations with the Soviet Union to restrain the arms race in the Indian Ocean.

Critics of the Pentagon's plans to expand the U.S. base at Diego Garcia have managed to hold off the project since it was first proposed in 1970. On July 28, however, it appeared that construction would soon begin. At that time, the Senate voted down, 43-53, a resolution introduced by Senate Majority Leader Mike Mansfield (D Mont.) to prevent the Pentagon from building a new 640,000-barrel fuel storage facility that could supply an aircraft carrier task force for 28 days. (*Weekly Report p. 1718*)

The construction bill also provided \$1.2-billion for military housing projects, the largest item, and contained additional funds for dozens of new military facilities in the United States and overseas. (*Weekly Report p. 2571*)

Intelligence Committees. After almost three decades of operating in closely guarded secrecy, the Central Intelligence Agency came under unprecedented public and congressional scrutiny in 1975. The Federal Bureau of Investigation, the Defense Intelligence Agency, the National Security Agency and other executive branch intelligence organizations also were subjected to critical examination by the Senate and House Select Intelligence Committees.

Reacting to news stories that the CIA had violated its charter by spying on U.S. citizens during the Vietnam war period, the Senate Jan. 27 established an 11-member select committee to determine whether the CIA, FBI and other law enforcement and intelligence agencies had engaged in "illegal, improper or unethical activities." (*Weekly Report, p. 240*)

Creation of the select committee marked the first time Congress had approved a thorough probe of the activities of the intelligence community. Although the CIA was established by the National Security Act of 1947, Congress had either rejected or ignored over the years nearly 200 legislative proposals to strengthen its oversight of the agency.

On the Senate side, the select committee headed by Frank Church (D Idaho) investigated and held public hearings on a long list of intelligence abuses: illegal surveillance of U.S. citizens, drug experimentation on individuals, political spying, opening of the U.S. mails, assassination plots, covert attempts to topple foreign governments and attempts to cover up many of these activities.

The committee completed four months of public hearings in December after issuing a series of preliminary reports on CIA covert activities in Chile, U.S. assassination plots against foreign leaders and FBI attempts to disrupt American protest groups and movements, in particular civilian and veteran groups protesting the Vietnam war in the 1960s.

With a final report required after the committee's authorization expires Feb. 29, 1976, the panel in mid-December began considering the recommendations for legislation it would present to the Senate to prevent future abuses by federal intelligence and law enforcement agencies.

A parallel investigation also was underway in the House, but that probe was beset with numerous organizational and procedural problems throughout the year. The investigation first was assigned to a 10-member select intelligence committee that was created on Feb. 19 and chaired by Rep. Lucien N. Nedzi (D Mich.). (*Weekly Report p. 366*)

This panel, however, made little progress because of a dispute between Nedzi and other committee Democrats. As a result, the House July 17 dissolved the Nedzi panel and transferred the job to a new committee with the same investigating mandate, appointed a new chairman, Rep. Otis G. Pike (D N.Y.), and three additional members.

Beginning a series of public hearings in August, the committee focused on the cost of U.S. intelligence operations; in September, the panel turned to evaluating the quality of intelligence provided U.S. leaders by the CIA and the other agencies.

Throughout the late summer and fall, however, the committee often was thwarted in its attempts to obtain intelligence data and reports from the executive branch. Numerous subpoenas were issued by the committee, and in late November the panel voted to hold Secretary of State Henry A. Kissinger in contempt of Congress. A last-minute compromise between the White House and the House panel dissolved the contempt issue.

Like the Senate investigation, the House probe reached the recommendation stage. The committee's mandate would expire Jan. 31, and a final report was then expected.

Contempt Citations. Compromises between the executive branch and two House committees prevented

contempt-of-Congress citations against two cabinet secretaries from reaching the House floor in the closing days of the session. The controversy over congressional access to executive branch records involved Secretary of State Henry A. Kissinger and the House Select Intelligence Committee, and Commerce Secretary Rogers C.B. Morton and the House Interstate and Foreign Commerce Committee.

The intelligence panel, headed by Rep. Otis G. Pike (D N.Y.), voted Nov. 14 to issue three contempt citations against Kissinger. They were in response to his refusal to hand over records on State Department requests to the Central Intelligence Agency for covert actions, and National Security Council documents dealing with Soviet compliance with the Strategic Arms Limitation Treaty (SALT) and with the NSC's Forty Committee's consideration of covert activities abroad.

Pike announced Dec. 2 that the committee had received "substantial compliance" with its requests for the NSC records; the White House had made most of the Forty Committee papers available for inspection and had sent the SALT documents to the committee. Pike said the committee would not press those two citations. Finally, on Dec. 10, he announced that substantial compliance also had been reached on access to the State Department records, making that citation "moot." President Ford claimed executive privilege in denying the records to the committee, but the compromise allowed several committee members and staff aides to receive oral briefings on the contents. (*Weekly Report p. 2711*)

The second clash was averted Dec. 8 when Morton agreed to turn over to a House Commerce subcommittee Commerce Department records on U.S. companies that had been asked to join the Arab boycott of Israel. Morton agreed to deliver the records to the Subcommittee on Oversight and Investigations after its chairman, John E. Moss (D Calif.), assured him they would be treated "in consonance with their asserted confidentiality." The action came on the eve of a full committee vote on the subcommittee's recommendation to cite Morton for his defiance of a July 28 subpoena for the information. (*Weekly Report p. 2708*)

ACTION NOT COMPLETED

Foreign Military Aid. Neither the House International Relations nor Senate Foreign Relations Committee completed markup of bills authorizing fiscal 1976 funding for foreign military and security supporting assistance. Among other programs, the bills would authorize spending for military aid grants and training; security supporting assistance for the Middle East countries, including Israel, Egypt, Jordan and Syria, and for American civilians in the Sinai to monitor the Egyptian-Israeli peace accord; U.S. government and commercial arms sales and proposed aid and sales to Greece and Turkey. (*Weekly Report p. 2817*)

As a result, action on the fiscal 1976 appropriations bill for both economic and military foreign aid was delayed pending passage of the authorization measure. The fiscal 1975 appropriations bill (HR 4592—PL 94-11) had not cleared until March 24, 1975, three-fourths of the way into the fiscal year. (*Weekly Report p. 645*)

Fishing Limits. A controversial bill (S 961) to extend the U.S. fishing zone to 200 miles from the U.S. coastline awaited action in the Senate after it had been considered by

three committees because of its broad impact if enacted. Commerce and Armed Services Committees reported it favorably; Foreign Relations had reported it adversely.

Although the Senate had easily passed a similar bill in 1974 over administration objections, a closer vote was expected when the bill came up in 1976. A companion bill (HR 200) was passed by the House Oct. 9. Supporters of the bill argued that it was necessary to protect the economically endangered U.S. fishing industry; opponents countered that it would adversely affect U.S. foreign relations and violate international law. (*p. 2895*)

Rhodesian Chrome. An effort to stop the controversial importation of chromium ore from Rhodesia failed Sept. 25 when the House rejected a bill (HR 1287) that would have permitted the President to bring the United States back into compliance with U.N. economic sanctions against the white minority government. A similar bill had failed in the 93rd Congress when the House did not act on a Senate-passed measure. The U.N. sanctions had been imposed in 1966, but Congress passed the so-called Byrd amendment in 1971 that had the effect of permitting the Rhodesian ore imports in violation of the U.N. sanctions. The amendment was named for its sponsor, Sen. Harry F. Byrd Jr. (Ind Va.). The bulk of the opposition to HR 1287 came from a conservative coalition of southern Democrats and Republicans. (*Weekly Report p. 2106*)

Defense Appropriations-Angola Aid. An 11th hour Senate battle aimed at shutting off U.S. military aid to two factions fighting a communist-backed group in the Angola civil war held up final congressional action on the \$90.5-billion fiscal 1976 defense appropriations bill (HR 9861) until January.

The House Dec. 12 approved the conference report on the bill, which the State Department said contained \$28-million for the U.S.-backed Angolan forces, but when the bill reached the Senate floor Dec. 15, a coalition of senators led by John V. Tunney (D Calif.) insisted that an amendment be added banning the use of any funds in HR 9861 for the civil war in the African nation.

This proposal was debated in open and secret sessions over a four-day period, filibustered by Republicans at the direction of the White House, but finally approved Dec. 19 on a 54-22 vote.

The amendment, which was attached to one of six in technical disagreement between House and Senate conferees, then was rushed to the House, but Speaker Carl Albert (D Okla.) said there was no time to debate the Angola issue with adjournment only hours away.

The fiscal 1976 defense bill, the largest in U.S. history, provided funds for Pentagon weapons programs, research and development projects, maintenance and operations, military and civilian salaries as well as retirement benefits.

Although the bill fell \$7.4-billion below the fiscal 1976 funding level requested by the Ford administration, it was \$7-billion larger than the amount appropriated by Congress for defense in fiscal 1975.

Most of this amount, according to the Pentagon, was needed to keep pace with inflated costs of labor and materials, but some "real growth" was also anticipated.

As agreed to by a House-Senate conference committee Dec. 11, HR 9861:

- Reduced the administration's secret budget request for intelligence activities by \$168-million. This was the first time that Congress had revealed any over-all funding decision affecting the federal government's foreign intelligence activities.

- Required the Defense Department to begin dismantling the \$6-billion Safeguard anti-ballistic missile (ABM) system because the military determined that it was obsolete.

- Appropriated \$87-million for acquisition of initial parts and materials needed to build the B-1 strategic bomber, although Congress had not reached a decision on whether the plane should go into production.

- Appropriated \$132-million for continued research and development of the Navy's F-18 combat fighter over the objections of congressional critics who wanted the Navy to consider an alternative aircraft.

Appropriated \$251.2-million in fiscal 1976 for construction of four aircraft (AWACS) equipped with sophisticated technological instruments to monitor and control any future battlefield action in Europe.

- Cut \$37-million from the Pentagon's fiscal 1976 \$97-million advertising budget request because of the large number of volunteers applying for military service caused by high unemployment levels.

Health, Education and Welfare ACTION COMPLETED

Education for the Handicapped. In the major education legislation passed in 1975, Congress cleared a bill (S 6—PL 94-142) making an important new federal commitment to the education of handicapped children.

S 6 sought to assure the nation's eight million handicapped children a free and appropriate public school education by expanding the authorization of appropriations and requiring school districts to educate or provide equivalent appropriate services to all handicapped children aged 3-21 by 1980. If the full authorization level were appropriated, the federal government by fiscal 1982 would provide up to 20 per cent of the additional cost of educating handicapped children, at an estimated cost of \$3.2-billion a year.

President Ford signed the bill reluctantly, saying it raised false expectations since Congress could not appropriate the full amounts authorized and still expect to bring federal spending under control. He said his administration would offer amendments to make the bill more realistic. (*Weekly Report p. 2591*)

Busing. A major congressional turnaround on the issue of forced busing occurred when several northern Senate Democrats, usually considered liberal on civil rights issues, joined traditional opponents to fashion the toughest anti-busing language yet approved by Congress.

The final amendment, added to an appropriations bill for the Departments of Labor and Health, Education and Welfare (HR 8069), would bar HEW from ordering any public school student bused beyond the school closest to his home. The language was stiffer than that passed in 1974, which barred busing beyond the school next closest to the student's home. The House easily agreed to the Senate's amendment after defeating by a wide margin an attempt to water it down.

It was uncertain at year's end whether the amendment would take effect, however, since President Ford Dec. 19 vetoed HR 8069 on grounds that it exceeded his budget requests. The House scheduled an override attempt for Jan. 27.

Even if it becomes law, the amendment would have little real effect, since most busing for the purpose of

desegregating schools is ordered by courts, and it appeared the only way they could be prevented from ordering busing would be through a constitutional amendment barring the practice. The Senate Judiciary Committee held hearings on several such amendments in 1975, but took no further action. In the House, a move to have the Democratic Caucus instruct Democratic members of the House Judiciary Committee to report out a constitutional amendment barring busing failed. (*Weekly Report p. 2525*)

Sex Discrimination. Supporters of federal sex discrimination regulations won the game when a House committee refused to overturn several of the regulations, including one that was intended to put women on an equal footing with men in intercollegiate sports.

It was the first test of a new procedure that gave Congress 45 days to review and disapprove any federal regulations dealing with education programs. The sex bias rules prohibited discrimination on the basis of sex in a wide range of school practices—from admission policies to housing and employment practices to sports.

The House Education and Labor Committee referred back to subcommittee a resolution (H Con Res 330) that would have disapproved regulations dealing with grievance procedures and school evaluations. It also referred back to subcommittee a bill (HR 8395) that would have exempted revenue-producing intercollegiate sports from the regulations. Several male-dominated collegiate athletic organizations had claimed that compliance with the regulations would spell doom for revenue-producing sports, while women's organizations contended that women were being excluded from opportunities to compete athletically.

The House committee action killed both the resolution and the bill. The Senate Labor and Public Welfare Subcommittee on Education held hearings on a similar bill (S 2106) regarding revenue-producing sports but took no further action. (*Weekly Report p. 1484*)

Health Services. After overriding a presidential veto by a wide margin, Congress in July renewed funding authority for a number of politically popular health services and nurse training programs. President Ford, who had pocket vetoed similar legislation in late 1974, argued that the bill was too expensive.

As cleared, the measure (PL 94-63) authorized a total of \$1.4-billion in fiscal 1976-77 for family planning, community mental health centers and other health services programs. It also authorized \$553-million in fiscal 1976-78 for nurse training programs. The programs originally expired in mid-1974. (*Weekly Report p. 1668*)

Developmental Disabilities. Congress completed action in late September on legislation (PL 94-103) expanding federal efforts to help the mentally retarded and others suffering from health problems known as developmental disabilities. The final version dropped Senate-passed provisions that would have set detailed requirements for institutions caring for the mentally retarded, but required states to protect the rights of these individuals. (*Weekly Report p. 2039*)

Older Americans Act. Rebuffing an administration proposal to end special employment programs for older workers, Congress cleared legislation (PL 94-135) in November extending jobs, nutrition and other programs for the elderly through fiscal 1978. The bill also banned unreasonable discrimination on the basis of age in federally funded programs and placed new emphasis on transportation, home health, counseling and housing repair programs serving older Americans. (*Weekly Report p. 2538*)

Child Nutrition Programs. Congress Oct. 7 overrode President Ford's veto of HR 4222, a bill to amend and extend the school lunch and other child nutrition programs. The 397-18 House vote was the largest override margin of the year. The Senate vote was 79-13 to override.

The bill (PL 94-105) extended existing non-school food programs and expanded the school lunch and breakfast programs. It increased the income eligibility level for reduced-price lunches—those costing a maximum of 20 cents—and made children of unemployed parents eligible for free and reduced-price lunches.

Ford wanted Congress to implement his block-grant approach to child nutrition rather than extending the existing categorical programs. He said HR 4222 exceeded his budget request by \$1.2-billion and extended federal subsidies to non-needy children. (*Weekly Report p. 2161*)

Food Stamps. The first legislative measure cleared by the 94th Congress (HR 1589—PL 94-4) barred the Agriculture Department from requiring users to pay more toward the cost of food stamps. The bill became law without President Ford's signature. He had proposed the change in the law to make it more equitable and to hold down federal spending, but only 46 members of the House and Senate voted to sustain his position, making a veto futile.

Congress did not complete the major overhaul of the food stamp program it had planned in 1975. Although members agreed that reform was imperative, a \$200,000 study of the program by the House Agriculture Committee was not complete and the Senate Agriculture Committee had not begun to mark up legislation despite having held extensive hearings. Action from both committees had been expected by the end of the year. (*Weekly Report p. 305*)

ACTION NOT COMPLETED

National Health Insurance. Political and financial realities stalled congressional action on national health insurance proposals again in 1975. Leery of the budget impact of a major new social program, the administration withdrew its support for health insurance legislation and major interest groups did not pressure Congress for speedy action.

While neither panel made any substantive decisions, the Health Subcommittees of both the House Ways and Means and House Interstate and Foreign Commerce Committees held hearings on various health insurance proposals, staking out their conflicting jurisdictional claims over the issue. The Ways and Means subcommittee held panel discussions with experts during the summer, asked interest groups for their views during a month of hearings in November and planned more hearings in early 1976 in several cities across the country. Establishing its interest in the subject, the Commerce subcommittee held a short set of hearings in December. (*Weekly Report p. 2527*)

Related legislation (HR 5970, S 625) to provide health insurance for unemployed workers was approved by House and Senate committees in early 1975, but sponsors never pushed for further action because of jurisdictional problems and administration opposition. (*Weekly Report p. 1091*)

Health Manpower. Congress postponed final decisions on key health manpower issues until 1976 as debate continued over controversial proposals that would condition federal aid to medical schools on efforts to ease doctor shortages in rural and inner-city areas.

The House passed legislation (HR 5546) in July that would require medical students to repay some federal aid if they did not practice in doctor-shortage areas after graduation. The House rebuffed a drive by medical schools and the American Medical Association to kill the repayment requirement.

After holding sporadic hearings on health manpower problems during the fall, the Senate Labor and Public Welfare Health Subcommittee was getting ready to draft its version of the bill by the end of 1975.

A major administration policy shift cleared the way for a possible compromise on the controversial legislation. The administration agreed in September to support a bill that would cut off basic federal aid to medical schools that did not reserve some of their first-year positions for students who agreed voluntarily to practice in doctor-shortage areas. (*Weekly Report p. 2121*)

Health Maintenance Organizations. The House passed a bill (HR 9019) in November that would ease requirements for federally funded health maintenance organizations (HMOs), alternative health care groups that charge patients a set periodic fee paid in advance instead of a fee for each service actually provided. Sponsors argued that the requirements made HMO plans too expensive to compete with traditional health insurance policies.

The Senate Labor and Public Welfare Health Subcommittee started hearings on the bill in 1975, but took no further action. Some observers believed that Edward M. Kennedy (D Mass.), subcommittee chairman, would prefer giving HMOs subsidies to meet the requirements instead of dropping the required standards. (*Weekly Report p. 2471*)

Medical Malpractice. Congress briefly considered proposals that would have established federal programs to help doctors cope with the increasing unavailability and rising cost of medical malpractice insurance, but there was no serious push for them. Insurers, doctors and lawyers all agreed that the problem should be addressed by the states. (*Weekly Report p. 771*)

Abortion. In a setback for abortion opponents, a Senate Judiciary subcommittee Sept. 17 rejected proposed constitutional amendments to overturn a 1973 Supreme Court decision striking down state restrictions on abortion. The subcommittee was not expected to reconsider the issue, shifting the spotlight to a House Judiciary subcommittee. The House subcommittee may open hearings on the issue in early 1976. (*Weekly Report p. 1988*)

DES. Attempting to resolve a lingering public health controversy, the Senate in September passed a bill (S 963) to suspend the use of diethylstilbestrol (DES) as a growth stimulant in livestock until the government determined that the drug does not pose a serious cancer threat to humans. The House Interstate and Foreign Commerce Subcommittee on Health and the Environment began hearings on a similar bill (HR 9837) in December but did not complete action. A second title of the Senate-passed measure, which was approved with little publicity, would increase the autonomy of the Food and Drug Administration within the Department of Health, Education and Welfare. (*Weekly Report p. 1955*)

Camp Safety. Long-debated legislation to require states to adopt safety and health regulations for youth camps or submit to federally enforced standards was passed by the House in April and reported in amended form in November by the Senate Labor and Public Welfare Committee (HR 46, S 422). The Ford administration and a sub-

stantial bloc in Congress opposed the bill on grounds that camp safety should be left to the states. (*Weekly Report p. 2641*)

Social Security. The House Ways and Means Subcommittee on Social Security held several hearings early in the year on the financing of the nation's primary retirement program. Several studies have indicated that the system could go broke if changes in the financing or benefit payment structure are not made within the next few years.

The subcommittee plans to continue hearings in 1976. (*Weekly Report p. 1302*)

Also early in 1975 Congress refused to act on a proposal by President Ford to put a 5 per cent ceiling on cost-of-living increases in Social Security benefits as an economy measure. Benefits thus went up 8 per cent on July 1. (*Weekly Report p. 439*)

Higher Education. Subcommittees in both the House and Senate began markups on legislation to amend and extend the federal higher education laws, including student assistance programs. In the House, the Education and Labor Postsecondary Education Committee was working on a bill (HR 3471) dealing solely with student grant and loan programs. It also had completed hearings on a bill (HR 3470) dealing with institutional aid and other programs.

In the Senate, the Labor and Public Welfare Education Subcommittee had begun markup of an omnibus education bill (S 2657) that also would extend the National Institute of Education and the Vocational Education Act. Vocational education in the House is under the jurisdiction of the Education and Labor Elementary, Secondary and Vocational Education Subcommittee, which held extensive hearings on the program in 1975 and may hold more in 1976 before drafting a final bill. (*Weekly Report p. 1035*)

Housing/Community Development

ACTION COMPLETED

Aid to New York City. After one of the most heated legislative battles of the year, Congress Dec. 6 approved federal loan assistance for financially ailing New York City. Although the city and New York state had taken drastic steps to reduce the city's spending needs, New York had been expected to default without federal aid.

The final version of the bill (PL 94-143) allowed the federal government to loan New York up to \$2.3-billion a year through mid-1978 to cover the city's seasonal cash flow problems. New York would have to repay the loans each year with interest.

Although city officials first sought federal help in May, Congress showed little interest in the subject until the fall, after New York's near brushes with financial collapse received widespread publicity. Congressional supporters of New York aid then began to argue that the national economic impact of a city default might prove disastrous. Opponents objected vehemently to the use of federal dollars to bail out a city that had spent with mismanaged abandon for years.

President Ford stood with the opponents until late November, when he decided to back limited federal assistance to maintain essential services. Ford argued that the city and state had done all they could to bring New York's financial problems under control. Recognizing that other aid proposals they had prepared stood little chance of becoming law, supporters of aid to New York rushed the

President's plan through Congress in five days. The President's position changed some minds, but opposition to any kind of aid remained strong in southern and farm states. (*Weekly Report p. 2699*)

Emergency Housing Aid. Congress scaled down legislation written to help the housing industry out of its slump after the House voted 268-157 in June to sustain President Ford's veto of a broader aid measure backed by the Democratic congressional leadership. The final version (PL 94-50), cleared right after the veto, allowed the Department of Housing and Urban Development (HUD) to buy up \$10-billion in mortgages carrying below-market interest rates, freeing private funds for mortgage lending at subsidized interest rates.

Democrats argued that increasing housing production would help bring the country out of the recession and reduce unemployment. The unemployment rate in the construction industry stood at almost 22 per cent in May, and new housing starts fell to their lowest level in 28 years.

The vetoed bill would have provided several types of assistance ranging from mortgage purchases to cash down payment subsidies for middle-income homebuyers. Ford argued that the bill would cost too much and take too long to put into effect. Key House members in the housing field who opposed the original legislation put together the second bill as a Ford-backed alternative to the leadership's proposal. (*Weekly Report p. 1435*)

Variable Rate Mortgages. While it did not complete any formal action, Congress effectively blocked a regulatory proposal to allow lenders to make mortgage loans carrying interest rates that would float up and down with the market over the life of the loan. Almost all mortgages carry fixed interest rates, and opponents of the proposal argued that floating rates would hurt the consumer.

The House passed a bill (HR 6209) to block the proposal in May, and the Senate approved a similar, but non-binding, resolution in June. Given congressional sentiment, the Federal Home Loan Bank Board decided not to put its proposal into effect without further discussion with Congress. (*Weekly Report p. 1296*)

Real Estate Settlement. Acting just before adjournment, Congress Dec. 19 cleared legislation (S 2327) relaxing requirements of a 1974 law (PL 93-533) designed to give consumers more information about the settlement charges connected to buying or selling a home.

The bill eliminated a provision of the 1974 law requiring mortgage lenders to give homebuyers a detailed list of settlement charges at least 12 days before actual settlement. Instead, lenders simply would have to make available to homebuyers whatever cost information they had on the day before settlement. Lenders, who had flooded Congress with complaints about the law, had argued that the 12-day advance disclosure requirement created unnecessary paperwork, increased lending costs and caused moving delays. (*Weekly Report p. 2779*)

"Redlining" Disclosure. Congress gave final approval Dec. 18 to a bill (S 1281) requiring lenders to disclose how much mortgage money they provide urban areas. Disclosure was designed to prevent lenders from "redlining," or discriminating arbitrarily against certain city neighborhoods in their lending practices.

Community groups in some cities argued that "redlining" was a significant cause of urban decline. Lenders denied arbitrary discrimination, and Republican

Presidential Vetoes, 94th Congress

(Through Dec. 23)

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| <p>1. HR 1767 (Oil Import Fees)
Vetoed: March 4
No override attempt.</p> <p>2. HR 4296 (Emergency Farm Bill)
Vetoed: May 1
House sustained May 13. (Override attempt, Weekly Report p. 1045)</p> <p>3. HR 25 (Strip Mining)
Vetoed: May 20
House sustained June 10. (Override attempt, Weekly Report p. 1255)</p> <p>4. HR 4481 (Emergency Employment Appropriations)
Vetoed: May 28
House sustained June 4. (Override attempt, Weekly Report p. 1159)</p> <p>5. HR 5537 (Tourism Promotion)
Vetoed: May 28
No override attempt.</p> <p>6. HR 4485 (Emergency Housing)
Vetoed: June 24
House sustained June 25. (Override attempt, Weekly Report p. 1353)</p> <p>7. HR 4035 (Oil Pricing)
Vetoed: July 21
No override attempt.</p> <p>8. HR 5901 (Education Appropriations)
Vetoed: July 25</p> | <p>House override Sept. 9; Senate override Sept. 10. (Weekly Report p. 1948)</p> <p>9. S 66 (Health Services)
Vetoed: July 26
Senate override July 26; House override July 29. (Weekly Report p. 1668)</p> <p>10. S 1849 (Oil Price Decontrol)
Vetoed: Sept. 9
Senate sustained Sept. 10. (Override attempt, Weekly Report p. 1939)</p> <p>11. HR 9497 (Tobacco Price Supports)
Vetoed: Sept. 30
No override attempt.</p> <p>12. HR 4222 (School Lunch)
Vetoed: Oct. 3
House override Oct. 7; Senate override Oct. 7. (Weekly Report p. 2161)</p> <p>13. HR 12 (Foreign Missions)
Vetoed: Nov. 29
No override attempt.</p> <p>14. HR 5559 (Tax Cuts)
Vetoed: Dec. 17
House sustained Dec. 18 (Override Attempt, Weekly Report p. 2763)</p> <p>15. HR 8069 (Labor-HEW Appropriations)
Vetoed: Dec. 19. Override attempt set for Jan. 27, 1976 (Weekly Report p. 2763)</p> |
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opponents called the bill a step toward mandatory allocation of credit. (Weekly Report p. 2779)

ACTION NOT COMPLETED

"Countercyclical" Aid. House conferees agreed in December to accept a Senate-passed proposal that would authorize a new grant program of "countercyclical" aid to help state and local governments combat recession. Sponsors of the proposal argued that state and local tax increases and service cutbacks would counteract federal efforts to stimulate the economy.

The grants would go to state and local governments with unemployment rates higher than 6 per cent only when the national unemployment rate exceeded 6 per cent. The total cost of the 15-month program would be \$1.9-billion if the national rate stayed at its November level of 8.3 per cent.

The House held up final action on the proposal, part of a local public works bill (HR 5247), until January. The bill faces an almost certain veto. (Weekly Report p. 2792)

Municipal Bankruptcies. House-Senate conferees did not finish action before the end of the year on legislation (HR 10624) that would make it easier for cities like New York to adjust repayment of their debts through municipal bankruptcy proceedings. President Ford had requested ac-

tion on similar legislation in case a federal loan program did not prevent a New York default. (Weekly Report p. 2702)

Transportation/Communications

ACTION COMPLETED

Rail Revitalization. Congress Dec. 19 cleared for the President a bill (S 2718) authorizing up to \$6.5-billion in financial assistance—grants and loans—for the nation's ailing railroads. Spokesmen for President Ford announced he would veto the measure.

The bill would lessen federal regulation of the rail system, giving the railroads more flexibility in setting freight rates.

Although the legislation would provide funds for all railroads, a large portion of the aid (\$2.1-billion) would go to the Consolidated Rail Corporation (Conrail), the government agency created to operate the bankrupt Penn Central and other bankrupt Northeast and Midwest railroads beginning in February 1976. (Weekly Report p. 2737)

Congress gave the go-ahead to the reorganization of the seven bankrupt Northeast and Midwest railroads by not disapproving before a Nov. 10 deadline the final system plan for Conrail. (Weekly Report p. 2469)

Airport Development—SST Flights. Having approved a six-month ban on U.S. landings by the British-French Concorde supersonic jet transport, the House Dec. 18 passed legislation (HR 9771) authorizing \$4-billion for airport development and other aviation projects over a five-year period, fiscal 1976-80.

The narrow 199-188 vote adopting the anti-Concorde amendment was the first successful attempt by either house of Congress to deny landing rights to the giant British-French airliner. The ban would not apply to Dulles International Airport near Washington, D.C. The bill also opened the Airport and Airway Trust Fund for airport terminal development and facilities servicing, revised the formula for distribution of trust fund monies and authorized transportation department approval of long-term projects. Companion legislation was pending in the Senate Commerce Aviation Subcommittee at adjournment. (Weekly Report p. 2900)

Attempts in both houses to amend the transportation appropriations bill (HR 8365—PL 94-134) to prevent the Concorde from landing at U.S. airports were narrowly defeated. Unless HR 9771 were enacted within the six-month ban, a decision on a British-French application to be allowed to make six flights daily to the United States would be left to Transportation Secretary William T. Coleman Jr., who had said he would make his decision by Feb. 4. (Weekly Report p. 2682)

Postal Reorganization. In response to mounting complaints about the inefficiency of the U.S. Postal Service, the House Oct. 30 passed a bill (HR 8603) to return the financial control of the agency to Congress. In 1970 Congress approved legislation reorganizing the postal service and giving it independent financial status. The Senate did not act on HR 8603 in 1975, but the Senate Post Office and Civil Service planned to hold hearings on the bill early in 1976. (Weekly Report p. 2341)

Regulatory Reform. Congress failed to take action in 1975 on the Ford administration's proposals to lessen federal regulation of the airline and trucking industries, but did include some of the President's regulatory reform proposals for the railroad industry in an omnibus rail bill (S 2718). (See action completed)

Ford presented to Congress his plans to loosen federal regulation of the railroads on May 19, his airline proposals on Oct. 8 and his trucking and bus deregulation reforms on Nov. 13. His trucking and bus proposal, labeled the Motor Carrier Reform Act (HR 10909), would give the industries broader rate-setting flexibility, end their antitrust exemptions for ratesetting and price-fixing, and open the industries to new competitors. Hearings were planned in 1976 by the House Public Works and Transportation Subcommittee on Surface Transportation and the Senate Commerce Subcommittee on Surface Transportation.

Railroad Jobs. Although both the House and Senate passed legislation (S 1730) authorizing federal grants to put unemployed workers into jobs repairing and upgrading the nation's railroads, the bill was not sent to a House-Senate conference committee to resolve differences before adjournment.

The House-passed bill would provide \$240-million in federal grants, the Senate version authorized \$700-million in grants and another \$100-million in federally guaranteed loans.

Included in S 2718 was \$2.4-billion for high-speed passenger service in the Northeast corridor between Washington, D.C. and Boston.

Earlier in the session, Congress approved legislation (S 281—PL 94-5) authorizing \$347-million in emergency grants and loans for the bankrupt Penn Central and other financially ailing Northeast and Midwest railroads undergoing reorganization. (Weekly Report p. 461)

Amtrak. The National Railroad Passenger Corporation (Amtrak) got its first multi-year authorization when Congress May 13 cleared a bill (HR 4975—PL 94-25) to authorize \$1,118,000,000 through Sept. 30, 1977, for the corporation. The authorization included \$63-million in emergency supplemental funds for fiscal 1975. (Weekly Report p. 1046)

Highway Jobs. Congress May 22 cleared legislation (HR 3786—PL 94-30) to temporarily increase to 100 per cent the federal support to states for certain highway and mass transit programs. The bill was designed to reduce unemployment and accelerate highway construction to ease the effects of the recession.

States could receive up to 100 per cent financing for projects approved between Feb. 12, 1975, and Sept. 30, 1975. (Weekly Report p. 1154)

Public Broadcasting. Giving public broadcasting a prize sought since 1967, Congress Dec. 17 cleared for the President a bill (HR 6461—PL 94-000) authorizing long-range funding for the Corporation for Public Broadcasting (CPB).

Designed to free public broadcasting from political pressures, the bill authorized total funding of \$634-million for the CPB over a four-year period (fiscal 1976-80). Stations would receive funds under a matching formula under which the federal government would contribute \$1 for each \$2.50 raised by the public broadcasting stations.

House-Senate conferees rejected a controversial provision added on the House floor that would have specified that the anti-job discrimination portions of the 1964 Civil Rights Act applied to the CPB. (Weekly Report p. 2787)

ACTION NOT COMPLETED

Highway Program—Trust Fund. Dispute over the Highway Trust Fund went unresolved in 1975 as the House and Senate completed action on widely varying versions of legislation to extend the federal highway program for two years (fiscal 1977 and 1978).

Critics of the trust fund, which in 1973 was opened for the first time to some mass transit funding, had hoped that the 94th Congress would abolish the trust fund or reorganize it as part of a new national transportation policy. But with warnings of nearly depleted funds for state highway programs, the highway lobby won an extension of the federal programs, and the trust fund, for two years.

The Senate bill (S 2711), passed Dec. 12, featured a consolidation of existing narrow programs, increased flexibility for urban highway programs and a new trust fund apportionment formula to expedite completion of the Interstate Highway System. The interstate system received priority attention in the House bill (HR 8235), which increased the existing funding levels for the system and extended the authorization for interstate construction through 1988. Efforts to resolve the differing versions were put off until the second session. (Weekly Report p. 2785)



FORD ENDS STALEMATE, SIGNS ENERGY BILL

"This legislation...puts into place the first elements of a comprehensive national energy policy," said President Ford Dec. 22, announcing his decision to sign S 622 (PL 94-163), the Energy Policy and Conservation Act. Congress had cleared the omnibus energy bill for the White House Dec. 17. (*Weekly Report* p. 2766, 2689)

"The time has come to end the long debate over national energy policy," Ford said, explaining why he opted for signing the bill in the face of intense opposition from conservative Republicans, oil-state representatives and the oil industry. The bill was "by no means perfect," Ford conceded, but it "provides a foundation upon which we can build a more comprehensive program." He urged Congress to act in 1976 on other pending energy bills, including one which would end federal price controls on new natural gas. (*Weekly Report* p. 2768, 2292)

Most controversial of the provisions of S 622 were those which required Ford to continue federal controls on the price of domestic oil. In addition, the bill required an extension of those controls to "new" oil, which is presently not subject to federal price controls. This extension was required by language setting \$7.66 as the average maximum per-barrel price for domestic oil, \$1.09 below the present average. Administration officials indicated that this average would be attained initially by retaining the \$5.25-per-barrel price ceiling for "old" oil—about two-thirds of the oil produced in the United States—and by holding the price of "new" oil to \$11.28 per barrel. "New" oil sells at up to \$14 per barrel.

By signing the bill, President Ford acknowledged defeat—at least for the short term—of his effort to reduce consumption of oil and increase domestic production by allowing the prices of this fuel to rise. This "conservation-by-price" philosophy had marked the major difference between the administration approach to the energy problem and that taken by congressional Democrats. Ford also said that he was removing, effective Dec. 22, the \$2-per-barrel oil import fee which he had imposed in two stages earlier in the year to make imported oil more expensive and thereby to reduce its volume and spur Congress into action. (*Weekly Report* p. 2400)

There had been estimates that the price rollback required by S 622 would result in a 2-3 cents per gallon drop in consumer prices. But Federal Energy Administrator Frank G. Zarb said Dec. 22 that consumers would see little, if any, decrease in the price they paid for fuel due to increased costs, especially in imported oil, which producers can pass through to consumers. If President Ford had not signed S 622, all federal price controls on domestic oil would have expired, allowing fuel costs to rise rapidly. Under S 622, the average per-barrel domestic oil price can rise up to 10 per cent a year. All price controls will expire after 40 months, unless Congress acts to extend them.

A White House fact sheet released Dec. 22 indicated that the extension of price controls would produce an increase, in the short term, of up to 150,000 barrels per day in the amount of oil imported into the United States, but that

within three years the rising prices allowed by PL 94-163 would result in the United States importing some 200,000 barrels per day less than had been projected. ■

Final Provisions:

ENERGY RESEARCH

Congress late in December cleared legislation (HR 3474) authorizing \$5-billion in appropriations in fiscal 1976 for energy research and development. The bill authorized a proportional amount, totaling \$1.27-billion, in the transition quarter, July through September 1976. (*Weekly Report* p. 2770)

As cleared by Congress, HR 3474 authorized for major energy research and development programs in fiscal 1976:

- \$498-million for fossil fuel research and development including: \$117.6-million for work to produce liquid fuel from coal (including \$20-million for advance work on a demonstration plant); \$144-million for work to produce a gas-like fuel from coal (of which \$35-million was for advance work on two demonstration plants); \$43-million for research on the extraction and utilization of natural gas and oil; \$34.5-million for magnetohydrodynamics, and \$19-million for *in situ* processing of oil shale. (The House had struck from the conference report on HR 3474 two controversial sections: one authorizing loan guarantees for commercial development of synthetic fuel—including liquid and gaseous fuels from coal; the other authorizing a cooperative federal-private demonstration of *in situ* development of oil shale. *Weekly Report* p. 2770)

- \$173-million for solar energy research and development, including: \$48-million for solar heating and cooling, \$32-million for solar thermal projects (including \$10-million for work on two test facilities), \$36-million for work on photovoltaic conversion, \$22-million for wind energy conversion, and \$11.5-million for ocean thermal energy conversion.

- \$56-million for research and development on geothermal energy (including \$10-million for advance work on two geothermal power plants).

- \$156-million for energy conservation research and development, including: \$55-million for end-use conservation, \$31-million for energy storage systems, \$25-million for advanced transportation storage systems, and \$15-million for urban waste conversion.

- \$158-million for fusion energy research and development operating expenses, plus \$23-million for the Tokamak fusion test reactor and \$27-million for intense neutron source facilities.

- \$506-million for fission energy research and development operating expenses, including a \$123-million ceiling for work on the proposed Clinch River demonstration plant in the liquid metal fast breeder reactor program.

- \$222-million for the operating expenses of the naval reactor research and development program.

- \$1-billion for the operating expenses of the nuclear materials research and development program, plus \$25-million for additional uranium enrichment production facilities and \$103-million for additional radioactive waste storage tanks.

- \$985-million for national security programs operating expenses, including \$897-million for weapons systems, \$71.4-million for laser fusion, and \$16.6-million for nuclear materials security.

In addition, HR 3474:

- Authorized ERDA, for all nuclear programs and all non-nuclear programs except fossil fuel programs, to begin construction design work without specific congressional authorization: provided that funds provided by Congress would remain available until expended; authorized ERDA to transfer funds to other agencies.

- Allowed general reprogramming of funds for non-nuclear programs, with congressional notification, so long as no major category was decreased by more than 10 per cent.

- Amended the 1974 Federal Non-Nuclear Energy Research and Development Act of 1974 to direct ERDA to set up a central source of information on all non-nuclear energy resources and technology.

- Renamed the Holifield National Laboratory at Oak Ridge, Tenn., as the Oak Ridge National Laboratory, designating the heavy ion research facility there as the Holifield Heavy Ion Research Facility.

- Forbade the air transport of plutonium by ERDA—except as required for medical application, national security, public health and safety or emergency maintenance, or to preserve the chemical, physical or isotopic properties of the material—until ERDA certified to Congress that a safe container had been developed and tested which would not rupture if the airplane crashed and exploded.

- Amended the Atomic Energy Community Act of 1955 to include Roane and Anderson counties, Tenn., in the assistance payment programs authorized by that law. (*Congress and the Nation* Vol. I p. 289)

—By Elder Witt

Committee Action:

LAND MANAGEMENT

The Senate Interior Committee Dec. 18 reported the National Resource Lands Management Act (S 507—S Rept 94-583). The Senate did not act on S 507 before adjourning its 1975 session.

As reported, S 507 was virtually identical to S 424, a bill approved by the Senate in July 1974 which died at the end of the 93rd Congress because the House took no action. (*Detailed provisions, 1974 Almanac* p. 806)

Background

Sixty per cent of all federally owned property is administered as "national resource lands" by the secretary of interior through the Bureau of Land Management (BLM). Although this is the largest of several federal land systems, totalling 448 million acres, no single law sets out a statement of the purposes, goals and authority guiding its management and use. Instead, more than 3,000 public land laws, often conflicting, incomplete and inadequate, set out the statutory basis for administration of these lands. S 507

was intended to consolidate these laws, remove the conflicts and fill in gaps in the authority they provide.

Major Provisions

As reported, S 507 gave the secretary of interior flexible powers with which to manage the national resource lands. He was required to develop comprehensive land use plans for the lands, to maintain an up-to-date inventory on them and their resources and to identify resource lands with potential as wilderness sites. He was given authority to acquire or sell resource lands, but was required to reserve mineral interests.

The bill established a working capital fund of \$3-million to finance programs and services of the Bureau of Land Management. In addition, the bill authorized \$40-million for development of a comprehensive long-range land use plan for the California desert national resource lands.

S 507 also amended the Mineral Leasing Act of 1920 to increase to 60 per cent from 37.5 per cent the state share of mineral leasing revenues paid under that law, reducing to 30 per cent from 52.5 per cent the amount of revenues paid into the fund for reclamation of federal lands where minerals were under development. The bill authorized loans to the states and their subdivisions to help them provide the public facilities needed to cope with the impact of mineral development. ■

Final Action:

HELLS CANYON AREA

Congress Dec. 19 cleared for the White House a bill (S 322) to establish the Hells Canyon National Recreation Area in Oregon, Idaho and Washington state to preserve the last free-flowing stretch of the Snake River.

"This is the end of an almost quarter-of-a-century battle to preserve Hells Canyon," said Sen. Robert W. Packwood (R Ore.) during final Senate consideration of the bill Dec. 12. Passage of the bill, and its expected signing by President Ford, ended a long effort by conservation and environmental groups to protect the last 101 miles of the river from being dammed by electric utilities in order to increase hydroelectric generating capacity for that area. (*Background, earlier action, Weekly Report* p. 2602)

As sent to the White House, S 322 set up a 662,000-acre Hells Canyon National Recreation Area along 68 miles of the Snake River on the Oregon-Idaho border. It included this segment of the river in the Wild and Scenic Rivers System, along with the headwaters of the nearby Rapid River in Idaho. The bill also placed another 33 miles of the river under study for possible eventual inclusion in the system, and provided that part of the national recreation area would be set aside as wilderness.

S 322 also expressly forbade the Federal Power Commission (FPC) to license any new dams or water projects in the recreation area and deauthorized one dam already approved for this stretch of the river. S 322 authorized \$21.5-million for land acquisition and facility development.

Final action came when the House by voice vote Dec. 19 accepted two technical Senate amendments to the House version of S 322. The Senate had added the two amendments by voice vote Dec. 12. The Senate had first approved the bill June 2; the House had approved its version Nov. 18. ■

CONGRESS CLEARS REAL ESTATE SETTLEMENT BILL

After House-Senate conferees worked out a last-minute compromise, Congress Dec. 19 sent the President legislation (S 2327) that would repeal provisions of a 1974 law (PL 93-533) giving homebuyers the right to find out what real estate settlement charges they must pay at least 12 days before they complete the sale transaction. Common settlement charges, such as title insurance premiums, real estate commissions and lawyers' fees, can add thousands of dollars to the cost of buying a house.

While repealing the 12-day advance disclosure requirement, the final version of S 2327 required lenders to give homebuyers an estimated range of settlement charges when they applied for a mortgage loan. Homebuyers also could find out whatever actual charges had been set at least one business day before settlement.

Other provisions of the bill killed requirements of the 1974 law designed to disclose excessive profits by real estate speculators and streamlined the paperwork involved in preparing a list of charges for use at settlement.

Lenders had led a persuasive lobbying campaign against the requirements of the 1974 bill. They argued that the law created unnecessary paperwork, increased lending costs and caused moving delays.

Opponents of the bill claimed that it would make it impossible for consumers to shop for the least expensive settlement services, the purpose of the original 12-day advance disclosure requirement. "This bill is an out-and-out real estate industry triumph over the homebuying public," complained Rep. Leonor K. Sullivan (D Mo.).

The House ignored this argument and voted overwhelmingly Nov. 17 to repeal the 12-day advance disclosure requirement and simply require lenders to give homebuyers a range of possible charges when they applied for a loan. The Senate insisted Dec. 8 that homebuyers should have the chance to find out exact charges at least one day before settlement. (*Senate action, Weekly Report p. 2704, House action, Weekly Report p. 2524*)

House-Senate conferees resolved the stalemate Dec. 19 by deciding to give homebuyers the right to find out whatever exact charges had been fixed by the day before settlement. The conference compromise did not require lenders, or others conducting a settlement, to make any special effort to gather charge information by the day before settlement. The compromise also did not require lenders to disclose any information in advance unless the homebuyer requested it.

The Senate and then the House adopted the report (H Rept 94-769) on the conference agreement by voice votes on Dec. 19, completing action before adjournment.

The President was expected to sign the bill.

Provisions

- As cleared for the President, S 2327:
- Allowed regional variations in the items included on a standard form setting forth settlement charges.
- Required lenders to give homebuyers a booklet describing common settlement charges and good faith estimates of

the range of charges likely to be paid when they applied in writing for a mortgage loan.

- Repealed provisions of a 1974 law (PL 93-533) requiring lenders to disclose exact settlement costs at least 12 days before actual settlement; instead, required the person conducting the settlement to make available for a homebuyer's inspection whatever exact charge information he had on hand one business day before settlement.

- Repealed provisions of the 1974 law barring lenders from making a loan commitment if the seller did not inform the buyer of the previous purchase price of a house bought within the last two years that was not used as a place of residence by the seller.

- Clarified that provisions of the 1974 law prohibiting kickbacks between those in the real estate industry did not apply to cooperative brokerage and referral arrangements of real estate agents.

- Modified provisions of the 1974 law barring lenders from collecting and holding in escrow more than one month's worth of advance property taxes and insurance premiums to allow two months' worth of escrow payments.

- Expanded the authority of the Department of Housing and Urban Development (HUD) to implement the 1974 act.

- Provided that the changes in the 1974 law would take effect upon enactment; allowed HUD to suspend the new disclosure requirements for up to six months.

FLOOD AREA MORTGAGES

Temporarily resolving a House-Senate dispute, Congress Dec. 19 cleared a resolution (S J Res 157) to postpone a ban on mortgage lending for existing property in flood-prone communities that had not adopted land use standards set by the Department of Housing and Urban Development under the national flood insurance program. The resolution would delay the mortgage lending ban, scheduled to take effect Jan. 1, to March 1, 1976.

The House had maneuvered Dec. 16 to avoid going to conference before adjournment on a Senate committee proposal (HR 9852) that would relax the mortgage lending ban. After the House acted, Senate opponents of the ban searched for a way to prevent it from taking effect on Jan. 1. (*Background, Weekly Report p. 2780*)

The Senate and then the House approved the compromise resolution to delay the ban by voice votes on Dec. 19, whisking the measure through Congress on the last day of the session. The delay gave Congress time to consider the type of changes contained in HR 9852 in early 1976.

In an effort to hold down the federal cost of disaster aid, a 1973 flood insurance act (PL 93-234) required designated flood-prone areas to participate in the federal flood insurance program and applied the mortgage lending ban to non-participating communities that had not adopted land use standards designed to reduce flood damage. A 1975 housing law (PL 94-50) had delayed the effective date of the ban for mortgages on existing property to Jan. 1. (*1973 act, 1973 Almanac p. 667; housing bill, Weekly Report p. 1435*)

NEW BUDGET SYSTEM SURVIVES FIRST YEAR INTACT

The final score is not in, and probably will not be for at least a few years, but Congress' attempt to launch a revolutionary new federal budgeting system appears to have succeeded.

The effort in 1975 was the first serious one in decades to coordinate all federal spending and taxing—the heart of federal government activities.

Congress completed the first use of its new budget tools Dec. 12 by placing a ceiling of \$374.9-billion on spending and a floor of \$300.8-billion under revenues in fiscal 1976.

The resulting deficit of \$74.1-billion was the largest in history. It astounded fiscal conservatives and displeased some pro-spending liberals who believed Congress should do more to pump up the economy and reduce unemployment. In spite of these differences, key conservatives and liberals in both houses came to the rescue of the new budgeting system at critical points and prevented it from being wrecked the first year in operation.

The new tools were created by Congress in 1974 to halt a long slide in congressional influence on government spending. There were many persons in Washington who thought the system would collapse under the weight of congressional power rivalries and political logrolling.

It appears, after the first year of operation, that the doubters misjudged the determination of key members of Congress to make the system work. Among those key players were Sens. Edmund S. Muskie (D Maine) and Henry Bellmon (R Okla.) and Reps. Brock Adams (D Wash.) and Parren J. Mitchell (D Md.). Muskie and Adams are chairmen of the newly created Senate and House Budget Committees.

As a result of their determination, Congress in December cleared H Con Res 466, which specified for the first time the total size of the federal budget. Passage of the measure, called the second concurrent resolution on the budget, limited future congressional action on spending and revenue bills. Subsequent legislation that punctures the spending limits, creates new future spending authority beyond that authorized in the resolution or violates the revenue requirements could be ruled out of order in either chamber and thus be killed.

The resolution was an act of self-discipline. It took effect without the President's signature and could be revised at any time Congress saw fit.

The resolution did not include use of all the budget control devices Congress created in 1974. But it invoked the basic ones. It put into effect binding spending and revenue controls that had not been scheduled to take effect until a year later.

Problems Ahead

Although the system appeared to work the first year, there remained pitfalls for the future that could wreck it.

Probably the most serious was the reluctance of ideological and political blocs in Congress to accept the discipline of budget controls when that interfered with their

own goals. In 1975, House Republicans almost solidly opposed because they did not want to hold down social spending. These same forces could emerge in the future to the versions of the resolution.)

At various points, some liberal Democrats were opposed because they did not want to hold down social spending. These same forces could emerge in the future to plague the new system.

The ceilings themselves contained a large hole. Spending could exceed the limits because of unforeseen rises in the "uncontrollable" parts of the federal budget such as Social Security and unemployment payments.

In 1975, Congress enacted the ceiling almost three months after the deadline that had been set for approval of the resolution. That slippage raised doubts about whether Congress could stay on schedule in 1976 when the entire system will be in operation.

Nevertheless, participants in the process were pleased. Muskie described the \$300.8-billion ceiling as an "historic leap forward." He added, "This congressional budget control is in force a full year earlier than contemplated. What was intended as a trial year has turned out to be a meaningful implementation of the Budget Act."

New System Created

Adoption of the second resolution in December was an important milestone for Congress. The Senate and House had been plagued for years with a disjointed appropriations process that gave no over-all control of government funding to any unit on Capitol Hill or even to the entire Congress itself. Unlike the executive branch, where the Office of Management and Budget had final over-all control of federal spending, Congress dispersed the federal budget proposals to a variety of committees and subcommittees—each power centers unto themselves.

As federal spending mushroomed in the 1950s and 1960s, it became increasingly evident that Congress was



Sen. Edmund S. Muskie



Rep. Brock Adams

Led fight for new budget system

Muskie: 'You'll Have to Watch Us'

Washington lobbyists, who showed little interest in congressional budget reform in 1974, began paying more attention as the new system was readied for its first year of full operation in 1976.

"There weren't many people lobbying on (the 1974 Budget Act) when it passed because there weren't too many people who understood it," said Richard Warden, assistant legislative director for the United Auto Workers (UAW).

But nearly 100 lobbyists showed up for a budget control conference organized by the labor-backed Council on National Priorities and Resources in early December 1975.

At one point a National Education Association lobbyist complained to Senate Budget Committee Chairman Edmund S. Muskie (D Maine) that not enough funds had been allowed for education programs. She asked if further reductions were likely. "You'll have to watch us," Muskie replied.

poorly equipped to handle almost infinite demands for federal spending with the finite resources of the Treasury. The question was whether Congress could create and stick to a system of establishing budget ceilings and spending priorities, and relate both in a rational manner to government revenues.

The attempt was made in the Congressional Budget and Impoundment Control Act of 1974 (PL 93-344). The law set up House and Senate Budget Committees to formulate over-all spending and tax goals, and a Congressional Budget Office (CBO) to provide Congress with technical information about the economy and the budget. (1974 Almanac p. 145)

The law also created a complicated set of deadlines for congressional action on the budget. The key dates each year are May 15, when Congress is supposed to have completed action on a first concurrent resolution containing budget targets to guide committees as they process fiscal legislation during the summer months, and Sept. 15, when Congress is to replace the targets with spending ceilings and a floor on revenues in the second concurrent resolution.

If the amounts adopted in the fall differ from those adopted during the summer in actual spending and tax bills, Congress must reconcile the amounts before adjourning. Once this reconciliation process is completed, the limits in the second resolution become binding.

Sweeping Reform

The process was a sweeping reform designed to focus Congress' attention in a systematic way on two broad budgetary concerns: national fiscal policy and national priorities.

The process requires members of Congress for the first time to vote on a deficit. Instead of treating spending and tax measures individually and separately, Congress is forced to compare total spending with total receipts. In doing so, Congress must confront such fiscal policy issues as the effect of the budget on inflation, unemployment and economic growth.

The Budget Act also required members for the first time to make choices and thereby set priorities. For example, if Congress calls for more spending for health programs, it now must increase revenues through higher taxes, accept a larger deficit or balance the addition by cutting other programs.

So Congress in 1975 began viewing the federal budget as a balloon, which when squeezed in one place would pop up in another. "People are seeing for the first time where all the money is going, and I'm not sure they like it," said House Budget Committee Chairman Adams.

The Budget Act mandated a set of deadlines imposing major changes in Congress' appropriations schedule. The date for the beginning of the fiscal year—July 1—was pushed back to Oct. 1. This was to allow Congress time to complete the entire budget process before the fiscal year began. It had been decades since Congress enacted its appropriations by July 1. But the act also moved up action on appropriations and authorizations bills in order to make them conform to the deadlines for the two resolutions. (Schedule, box p. 2865)

1975 Plan

The Budget Act did not make the new process mandatory until fiscal year 1977, beginning Oct. 1, 1976. But it did permit earlier use of the mechanism for the fiscal 1976 budget.

In order to acquaint Congress with the procedures, the budget committees and the congressional leadership decided to implement major parts of the Budget Act for fiscal 1976. But they feared that the new timetable would be disruptive enough in itself, without the added burden of expected heated disputes over division of spending among various budget programs.

Thus, the most significant part of the 1975 implementation plan, announced March 3, involved the 16 individual areas of the budget, called "functional categories." Under the plan, the first budget resolution, setting targets, was to be enacted as provided in the law. But it was to contain only the five total budget figures: outlays, budget authority, revenue, deficit and the amount of the public debt. Spending targets for the 16 individual categories, such as defense and health, were to be left out of the resolution.

The March plan also called for adoption of the second resolution no later than Sept. 15 "if practicable." The second measure was to replace the budget targets with binding limits. But it was not to contain ceilings for the individual categories. Later, in July, the budget committees announced that they had decided to proceed with the second resolution.

Deadlines the committees decided to omit included the April 1 CBO submission to the panels of a report on fiscal policy and budget alternatives; the May 15 deadline by which time the legislative committees had to report all program authorizations for the upcoming year; and the deadline for Congress to complete action on all spending bills seven days after Labor Day.

All these deadlines were important to bringing appropriations and authorization activities in line with the new budget mechanism. But the committees were afraid of imposing too much reform too quickly. "We want flexibility as we come to the first political crunch in this process, to avoid creating abrasions or brittleness," one Senate staffer said.

'Crosswalk' Problem

The committees decided to omit the functional category ceilings from the resolutions for practical as well as political reasons. The budget process gave rise to a technical problem that Congress had never before had to concern itself with: the different ways in which the President and Congress traditionally viewed the budget.

The Office of Management and Budget (OMB) groups government spending programs into the 16 functional categories. These include, for example, "Income Security," which comprises such programs as Social Security and unemployment benefits; "Community and Regional Development," including urban renewal, housing and some rural development programs; and "General Government," a catch-all category that contains the legislative and executive branch budgets.

Congress appropriates funds through 15 spending bills, most of which also cover a variety of programs. But the appropriations bills and the functional categories do not match. One of OMB's categories may include all or parts of four or five different appropriations bills, while any single appropriations bill may comprise parts of six or seven of the OMB categories.

The tedious job of matching bills with categories is called "crosswalking." It is necessary if the targets and ceilings Congress imposes on the categories are to be split into targets for individual bills.

Budget Committee Chairmen Muskie and Adams attributed their decision not to include the functional categories in the fiscal 1976 resolutions primarily to this crosswalk problem. They noted that the process would be easier the following year, since they then would have a list of how the bills fit into the functional categories.

Other Handicaps

In deciding to make 1975 more than just a trial run of the procedures, the budget committees began work on the fiscal 1976 budget with several other big handicaps.

The committees had to operate without benefit of a key element called for by the Budget Act: a current services budget. That is a projection by the Office of Management and Budget of growth in the federal budget during the upcoming fiscal year based on the current fiscal year, assuming no changes in policy.

The object of the report is to give Congress a base line from which to measure proposed changes in spending and tax law. It is due Nov. 10, about a month after the current fiscal year begins and two months before the budget committees each year are to begin hearings on the first resolution for the next fiscal year.

Another impediment was the lack of a functioning Congressional Budget Office, the new agency that was to provide Congress with expert economic and budgetary guidance.

It began operating in the late spring, but there was delay in choosing a director and the agency did not begin providing useful information until well into the year.

In the absence of a functioning CBO, the budget committees relied on an interim task force headed by Samuel M. Cohn, former assistant director of the Office of Management and Budget. The task force included budget experts in the General Accounting Office and the Library of Congress' Congressional Research Service.

Still another problem was that by early spring the traditional appropriations process had already begun func-

Congressional Budget Deadlines

October-December: Congressional Budget Office submits five-year projection of current spending as soon as possible after Oct. 1.

Nov. 10: President submits current services budget.

Dec. 31: Joint Economic Committee reports analysis of current services budget to budget committees.

Late January: President submits budget (15 days after Congress convenes).

Late January-March: Budget committees hold hearings and begin work on first budget resolution.

March 15: All legislative committees submit estimates and views to budget committees.

April 15: Budget committees report first resolution.

May 15: Committees must report authorization bills by this date.

May 15: Congress completes action on first resolution. Before adoption of the first resolution, neither house may consider new budget authority or spending authority bills, revenue changes, or debt limit changes.

May 15 through the 7th day after Labor Day: Congress completes action on all budget and spending authority bills.

• Before reporting first regular appropriations bill, the House Appropriations Committee, "to extent practicable," marks up all regular appropriations bills and submits a summary report to House, comparing proposed outlays and budget authority levels with first resolution targets.

• CBO issues periodic scorekeeping reports comparing congressional action with first resolution.

• Reports on new budget authority and tax expenditure bills must contain comparisons with first resolution, and five-year projections.

• "As possible," a CBO cost analysis and five-year projection will accompany all reported public bills, except appropriation bills.

August: Budget committees prepare second budget resolution and report.

Sept. 15: Congress completes action on second resolution. Thereafter, neither house may consider any bill or amendment, or conference report, that results in an increase over outlay or budget authority figures, or a reduction in revenues, beyond the amounts in the second resolution.

Sept. 25: Congress completes action on reconciliation bill or another resolution. Congress may not adjourn until it completes action on the second resolution and reconciliation measure, if any.

Oct. 1: Fiscal year begins.

tioning without the budget committees—or the new budget process.

The most threatening problem the process faced in 1975, however, and the one that nearly torpedoed it, was the state of the economy. Congress had to vote on a budget deficit while the nation was in a deep recession. "They were required to vote on the largest deficit in history," CBO

Director Alice M. Rivlin said. "They had never voted on a deficit before."

How It Worked

As the year unfolded, it became apparent that the process would face its most serious test in the House.

House Budget Committee staffers attributed the problems that arose in that chamber partly to the nature of the House, where members stand for election every two years and thus are more closely attuned to such politically sensitive issues as the size of the deficit and the unemployment rate. House members generally seemed less willing than senators to bend their economic beliefs to compromise for the sake of allowing the new budget procedures to succeed.

Early in the process, Muskie gained the key support of the Senate Budget Committee's ranking Republican, Henry Bellmon (Okla.), a fiscal conservative. Bellmon's continued support of the committee's recommendations for targets and ceilings, along with the support of most of the other committee Republicans, encouraged many Senate Republicans to follow suit. This substantial minority backing, coupled with the overwhelming Democratic support for the resolutions, allowed the measures to pass the Senate by comfortable margins. (*Weekly Report p. 2745, 2511, 899*)

In a September interview, Bellmon acknowledged that his support in the committee was alienating some of his conservative constituents. "Most of them would like to see the deficit reduced immediately," he said. "But as you work with the budget you begin to realize that the objective is to have the smallest budget we realistically can over the long haul, and by tightening down now, we wind up with a deeper recession and a larger total deficit."

Bellmon added, "In my opinion this budget process is of vital importance, and I was willing to give a little in order to hold the committee together and set the stage for effective work by the committee in future years."

By contrast, substantial House GOP opposition to the resolutions, led by the ranking minority member of the House Budget Committee, Delbert L. Latta (Ohio), threatened enactment in that chamber. In the House vote on the first resolution May 1, an almost solid bloc of Republicans and 35 southern Democrats, most of whom objected to the size of the deficit target, coalesced with Democratic liberals who believed the targets did not provide enough stimulus for the economy. Together they

nearly defeated the resolution. The vote was 200-196. (*Weekly Report p. 899*)

The same forces came together again Dec. 12 for the House vote on the final version of the second resolution setting the spending ceiling. The margin of passage narrowed to 189-187. (*Weekly Report p. 2795*)

"The country desperately needs evidence that the Congress is at least preparing to bring mounting federal spending under control," Latta said just before the Dec. 12 vote. "This resolution does nothing to provide such evidence. It once again postpones the time when this Congress must accept such responsibility and get down to the necessary task of meaningful budget control."

However, the Budget Committee Chairman Adams had picked up important early support from committee member Parren J. Mitchell (Md.), a liberal Democrat who had opposed the first resolution on the original vote, saying the targets did not provide enough economic stimulus. Mitchell later changed his mind after serving on the Senate-House conference to resolve differences between the versions approved by the two chambers. "Despite the fact that I think that there is not enough stimulus, I recognize that we have preserved [the amount contained in the original House version]," Mitchell said. He added that he was "very happy" to support the conference version.

Mitchell and another committee Democrat whose position had been watched by House liberals, Elizabeth Holtzman (N.Y.), continued to support the resolutions through the rest of the year. Without their backing, it seemed possible the resolutions would have been defeated, thus conceivably destroying the process.

Functional Categories

While leaving the functional categories out of the resolutions on which Congress voted, the budget committees decided to include targets for each category in the reports accompanying the resolutions. The category targets were not binding but showed how the committees arrived at the spending totals. They also were starting points for the task of setting guidelines for individual spending bills.

After passage of the first resolution, the functional targets became a key element in the appropriations process. The House Appropriations Committee turned repeatedly to the conference report on the first resolution for guidance as it processed individual spending bills. "The question of whether a bill is above or below the resolution" came up "all the time," according to Adams. "The chairmen call me up and ask me."

Muskie kept the report's figures constantly before the Senate when bills reached the floor for votes. "We treat the resolution as if it did have functional categories," a Senate aide said.

Styles

As the year progressed, the two committees and their chairmen developed contrasting styles. In the House, Adams generally operated behind the scenes, meeting with appropriations subcommittee chiefs to keep them aware of the targets.

Because all spending bills originate in the House, Adams felt the critical point for influencing legislation was in these subcommittees as the bills were being drafted. Supported by intense Budget Committee staff work, Adams kept in close touch with the chairmen. "We've already done our work before the bills get to the floor," Adams said.

Impoundment Law Creates New Headaches in Congress

One part of the new congressional budget law was a direct product of former President Nixon's repeated attempts to block federal programs he opposed by refusing to spend money Congress had appropriated. That effort—Title X of PL 93-344—may have produced even more headaches for Congress.

There is disagreement, even within Congress, about exactly what Title X was intended to accomplish and did accomplish. But there is considerable agreement that it created additional paperwork that often unnecessarily consumes staff time. Congressional and executive branch employees who must deal with Title X generally agree that the compromise language in the title is vague in many respects and is without sufficient legislative history to explain Congress' intent.

Rescissions and Deferrals

Under current interpretation of the law, there are two methods for Congress to review the President's proposal to delay or cancel spending—actions that were called impoundment during President Nixon's days but were given other designations under the 1974 budget law.

If the President wants to withhold funds temporarily, perhaps because immediate expenditure would be impractical, he can propose to defer their spending until a later time. The President's deferral stands unless overturned by a resolution of either the Senate or House.

If the President believes money should not be spent at all, he may propose a rescission. In this case, both the House and Senate must approve the action within 45 days. If the two houses do not act, the President must release the funds at the end of the 45 days. Some congressional critics see this as one fault in Title X because the President can block spending for almost seven weeks; Congress cannot force the expenditures to be made during that period.

Other Criticisms

But the criticisms and the questions go far beyond that. A basic one is whether Title X created new authority—that is, gave the President new powers—to withhold funds and cancel or greatly delay congressionally approved spending. The other side of this issue is whether Title X and other parts of the new congressional budget law are eroding the President's fundamental power to direct and control federal spending.

As a result, Adams' work received less public notice. Muskie became a steady presence on the floor of the Senate whenever bills affecting spending came up. For each bill he presented an analysis of how the measure fit into the targets and how passage might affect bills that remained to be voted on in the same functional category. Although he rarely actively opposed a bill, he always made plain what its impact would be on the over-all budget.

The genesis of these disputes was in the various anti-impoundment proposals in Congress in 1973 and 1974 that led to a hybrid compromise in Title X. The House asserted that Title X created new authority for fund withholding and allowed the President to propose deferrals for reasons other than administrative housekeeping, but gave Congress the mechanisms to overturn these actions. Deferring spending for purely managerial reasons was allowed under the old government budgeting procedures that PL 93-344 replaced.

The Senate, on the other hand, argues that Title X did not allow the President to defer spending for policy reasons. The new law gave the General Accounting Office, an arm of Congress, the power to review presidential proposals and rule on their appropriateness. After studying this dispute, the GAO's Comptroller General, Elmer B. Staats, in late 1974 supported the House view of the matter. The Senate, however, was unconvinced and the issue continued.

The alternative argument is that the President's basic budgetary powers are being whittled away. The criticism here is that under Title X previously hidden budget juggling maneuvers of the executive branch are now exposed to public and congressional view and therefore to scrutiny. This exposure, along with Congress' power to block presidential anti-spending proposals, worries some observers—generally officials in the executive branch. They fear that Title X, along with other new congressional authority provided in PL 93-344, may tip spending power toward Congress by destroying presidential control over the federal budget. The changes, these critics argue, encourage executive agencies and departments to develop close ties with congressional appropriations subcommittees that have the power now to overturn presidential decisions on spending. "What we're talking about here is congressional government—and chaos," one executive branch budget official said.

Another criticism, probably the complaint most often heard in the first year of Title X operation, is that the requirements of the law were generating a mountain of paperwork. The complaint is that Title X requires formal action on administrative matters and other minutiae that were never brought through the system in the past. For example, Title X requires executive branch budget officials to report to Congress many comparatively trivial amounts of money, some totaling only a few thousand dollars, that are withheld purely for reasons of managerial efficiency. A GAO spokesman estimated that as much as 50 per cent of all deferrals fall into this category.

The crosswalk procedure remained troublesome, particularly in the Senate. After the House would pass a bill and send it to the Senate, a Senate committee often would prepare its recommendations the same day. In some instances the bill would go straight to the Senate floor for a vote. In neither case would the Budget Committee have time to prepare its analysis of whether the measure conformed to the target. "It's something of a problem to get



Sen. Henry Bellmon



Rep. Delbert L. Latta

Conservatives who split on budget resolution

people to think in terms of the categories instead of just the appropriations bills," said a Senate aide. When the time came to vote, however, Muskie generally stepped in to present his analysis.

The complexities of crosswalking often dumbfounded some members nevertheless, including Senate Appropriations Committee Chairman John L. McClellan (D Ark.). McClellan, who had been critical of the process from the beginning because it infringed on his jurisdictional authority, clashed with Muskie over the problem Sept. 17 during debate on the appropriations bill for the Departments of Labor and Health, Education and Welfare (HR 8069). (*Weekly Report p. 1984*)

Muskie had risen to give a 10-minute explanation of crosswalking and to explain that the bill contained funds spread over a half-dozen functional categories. He was about to declare whether the bill complied with the targets in the first budget resolution when McClellan interjected:

"Why did the Committee on the Budget find it necessary to make the process so confusing? I do not understand how it works. Why could the committee not follow the appropriation bill so its analysis would be simple, understandable, and we would all know what we are doing and what we are expected to do?"

"It is not quite that black and white," Muskie replied.

Inroads

In the face of resistance from powerful senators such as McClellan, the team of Muskie and Bellmon startled many by their influence on floor action.

Muskie took the floor July 10 to state that an amendment offered by George McGovern (D S.D.) to the school lunch program (HR 4222) would add at least \$150-million to the bill which, he said, already was \$300-million over the budget target. "The painful reality that led to the enactment of the Budget Act is that we cannot meet all our demands all at once all the time," said Muskie. "We must establish priorities."

The Senate defeated the amendment, 29-61, prompting the bill's floor manager, James B. Allen (D Ala.), to declare that the Budget Committee "has earned its keep today."

In another instance, the Senate Aug. 1 rejected on a 42-48 vote a conference report on the fiscal 1976 weapons procurement bill (HR 6674) after Muskie declared that the measure "will inevitably bust the budget target for national defense."

Bellmon and other conservatives then joined Muskie in an unusual alliance opposing a senator who usually gets his way—Armed Services Committee Chairman John C. Stennis (D Miss.). Bellmon declared that he supported a strong national defense. But, he added, "This country must be as prepared economically as it is militarily."

During the debate, Muskie also pledged to speak out again against a conference version of the school lunch program, which contained some of the same elements of the McGovern amendment. (*Weekly Report p. 1737*)

The debate over the weapons bill brought into focus the effect of Congress' new budget approach. A Senate Budget Committee aide noted, "Stennis was saying basically, 'Look, the Senate bill was lower than the House bill, it went to conference, we (the Senate conferees) fought hard, we split the difference, and that's what the process is all about.' Muskie was saying, 'No, the process has been revised, the limits that we enacted in May are enforced both for the House and the Senate.'"

The positions of the budget committees on bills also helped the House and Senate override Ford's vetoes of the child nutrition bill and the education appropriations bill (HR 5901).

Ford had maintained that the nutrition bill still was too expensive, despite House and Senate cuts resulting from budget committee pressures. The veto was overridden 397-18 in the House and 79-13 in the Senate. (*Weekly Report p. 2161*)

Although spending in the education bill was well below the first resolution target, it was higher than the amount Ford had requested. Adams and Muskie argued that allowing the veto to stand would repeal priorities Congress had set in the first resolution. The override vote was 379-41 in the House and 88-12 in the Senate. (*Weekly Report p. 1948*)

What It Accomplished

At several points during 1975 Rep. Holtzman and other liberals complained that the new budget process was more an arithmetical exercise in totting up the requests of the President and the actions of the appropriations committees than it was a congressional effort at setting national priorities.

There was no question that the spending levels in the second resolution were higher than those requested by the President in almost every category, both in his original February budget proposal and in later re-estimates by the Office of Management and Budget. Defense and foreign aid were the only categories that were lower.

The second resolution's over-all outlay ceiling was \$8.4-billion higher than OMB's Oct. 21 projection of costs and \$25.5-billion higher than the President's original request. Much of the reason for the rising costs was inflation and higher recession-related spending on such programs as unemployment benefits and welfare.

Congress projected major net spending increases over the President's budget in the education, manpower and social services category—\$3-billion more than the \$17.9-billion OMB Oct. 21 projection; health—\$2-billion more than the \$30.9-billion OMB estimate; and veterans benefits and services—\$900-million more than the OMB figure of \$19.1-billion.

The defense category suffered a net loss of \$400-million from the \$91.6-billion OMB estimate. Foreign aid was decreased by \$200-million from \$5.1-billion.

The budget committees pointed out that the bulk of all the increases over the OMB projection reflected Congress' determination that government programs would cost more than OMB estimated because of the recession.

The deficit projected by the second resolution, \$5.6-billion higher than the Oct. 21 OMB estimate, also hinged largely on the accuracy of forecasts. For example, OMB assumed the government would earn \$6-billion from leases to companies exploring the Outer Continental Shelf for new oil supplies. After much debate, Congress decided the most the government would receive was \$4.5-billion.

First Resolution

Congress adopted the first resolution May 14—one day ahead of schedule. The measure (H Con Res 218) set targets of \$367-billion for total spending, and \$298.2-billion for revenues, with a resulting deficit of \$68.8-billion.

On March 29, Ford had announced on nationwide television that he was determined to adhere to a \$60-billion

deficit. But the budget committees insisted that their higher deficit was due almost entirely to more realistic spending estimates.

At one point during consideration of the resolution, ranking Senate Budget Committee Republican Bellmon declared that the \$60-billion figure was "phony" and charged a "lack of candor on the part of the Office of Management and Budget and the President."

The narrow 200-196 vote in the House had come May 1 as that chamber adopted its original version of the resolution. In a rare display of force moments before the vote, Speaker Carl Albert (D Okla.), Majority Leader Thomas P. O'Neill Jr. (D Mass.) and Democratic Caucus Chairman Phillip Burton (D Calif.) had risen in rapid succession to urge passage. They warned that defeat of the measure might destroy the whole budget process.

Interim

The two budget committees, along with the Congressional Budget Office, spent the interim period between the first and second resolutions tracking various spending measures.

CBO and the Senate Budget Committee issued separate scorekeeping reports showing how congressional action compared with the first resolution. Most bills came in at or below the targets.

During the same period, the budget committees divided into "task forces," which essentially served as subcommittees. The House's seven panels and the Senate's four reflected the larger House membership as well as the House committee's somewhat more detailed approach to functional categories. Muskie had maintained that the committees should not deal too explicitly with the categories so as not to preempt the appropriations subcommittees in recommending individual pieces of legislation.

The task force system produced some uncongressional terminology and protocols, particularly in the Senate. Instead of hearings, the Senate task forces called their sessions "seminars." In order to avoid the atmosphere of confrontation that often accompanies hearings, members of the committee and witnesses shared long tables arranged more like conferences. The members' regular platform seats were taken over by staff members and the press.

Second Resolution

The Senate adopted the final version of the second resolution containing the firm spending ceiling Dec. 11 by a comfortable 74-19 margin.

In the House, the coalition of Republicans, and conservative Democrats opposed to the size of the deficit combined with liberal Democrats who wanted the budget to reflect more stimulus to come within two votes of defeating the resolution, 189-187.

Spending in almost all categories in the second resolution rose over the first-resolution targets, adding up to a total increase of \$7.9-billion in outlays. Again, the committees attributed the rises almost entirely to re-estimates of "uncontrollable" budget items. "This is why we met all the targets and the outlay figure went up," Adams explained.

As approved, the resolution contained non-binding targets for spending, revenue, budget authority, deficit and the public debt for the transition quarter. That is the period between July 1 and Sept. 30, 1976, when the government switches to a new fiscal year beginning Oct. 1. As part of a

key compromise between the House and Senate versions of the resolution, Congress agreed to replace these targets with binding limits during the spring of 1976.

Muskie termed the final product of the process "a very tight budget." He said the \$74.1-billion deficit was "the lowest possible under the circumstances."

Bellmon agreed. But he and others in the House and Senate called for Congress in 1976 to review entitlement programs and other budget "uncontrollables" that had pushed spending estimates up so far above Congress' spring projections.

Outlook

It seemed likely that Congress would revise the budget authority ceiling in 1976 to include the \$2.3-billion in federal loans to New York that Ford signed into law Dec. 9 10481—PL 94-143). (*Weekly Report p. 2699*)

The budget mechanism's worst enemy in 1976 might be Congress itself. Political battles were sure to take place over setting budget priorities in the 16 functional categories. And, having missed the Sept. 15 deadline for action on the second resolution in 1975 by three months, Congress seemed headed for trouble in meeting the full set of deadlines that will be operating in 1976.

"What we've got here is a kind of timetable that nobody's ever lived by before, the kind of process that was never created before, and an attempt to impose this on an institution that's almost 200 years old and that's generated considerable momentum and habits over those years," Muskie told Congressional Quarterly.

—By Donald Smith

Final Action:

SMALL BUSINESS RELIEF ACT

Congress Dec. 17 cleared for the President a bill (HR 5541) to help small businesses that sustained financial hardships because of inflation and energy shortages while federal price controls were in effect from 1971 to 1974.

The bill would allow a federal agency holding a fixed-price contract with a small business to terminate the contract without penalty if the business could show that it had lost money or was likely to do so because of cost increases due to inflation.

The agency could modify the contract to accommodate higher prices if the modification would not cost as much as cancelling the contract and procuring the goods from another source.

The bill also authorized agencies to extend contract deadlines if energy shortages had caused delays. The bill applied only to contracts signed between Aug. 15, 1971, and Oct. 31, 1974, the period in which federal price controls were in effect. HR 5541 was scheduled to expire Sept. 30, 1976.

The House passed the bill April 22 on a 402-0 vote. The Senate did not take action until Oct. 30 when it passed an amended bill, 82-10, and requested a conference. (*House action, Weekly Report p. 865*)

House-Senate conferees filed their report (H Rept 94-724) Dec. 12. The House adopted it by voice vote Dec. 15. The Senate adopted it by voice vote Dec. 17, clearing the bill for the President.

Senate Passage:

FINANCIAL INSTITUTIONS

The Senate Dec. 11 endorsed a substantial broadening of bank and thrift institution powers to make the nation's financial system more efficient and competitive.

By a 79-14 vote, the Senate sent the House its version of wide-ranging federal regulatory revisions designed to assure a steadier flow of private savings into financial institutions—and through them to the nation's housing market.

The House, whose Banking, Currency and Housing Committee was conducting a massive financial industry study, was expected to defer action on most of the measure's complicated provisions until 1976.

While making some changes through floor amendments, the Senate for the most part accepted its Banking, Housing and Urban Affairs Committee's recommendations for allowing banks, savings and loan associations and similar financial institutions to offer more diversified services and expand their lending activities.

The panel's legislation in turn was based on the Ford administration's sweeping proposals for revamping the U.S. banking system along lines suggested by President Nixon's Commission on Financial Structure and Regulation in 1971. (*Background, Senate committee bill, Weekly Report p. 2630*)

Key provisions of the measure accepted by the Senate would allow federally regulated thrift institutions to hold checking accounts, remove restrictions on negotiable order of withdrawal (NOW) accounts, broaden credit union lending powers and permit all financial institutions to pay interest on checking accounts.

Other provisions would allow banks to hold corporate savings accounts and make more real estate loans. The bill also would repeal interest rate ceilings on home mortgages backed by the Federal Housing Administration (FHA).

The measure also extended for five and one-half years the existing Regulation Q authority for federal agencies to set interest rate ceilings on time deposits with a differential giving thrift institutions a competitive advantage over banks. (*Interim extension, Weekly Report p. 2779*)

Senate Floor Action

The Senate agreed to several revisions in S 1267, all proposed or endorsed by the top-ranking members of the Banking, Housing and Urban Affairs Committee and its Subcommittee on Financial Institutions.

Compromising differences among the panel's leaders, the Senate by voice vote accepted Chairman William Proxmire's (D Wis.) amendment to delay for at least an additional year the repeal of an existing prohibition on interest-paying checking accounts.

Checking Account Interest

Under Proxmire's proposal, financial institutions could start paying interest on checking accounts on Jan. 1, 1978, unless the Federal Reserve Board found reason to delay their use for two additional years until 1980. As written by the committee, the bill would have permitted interest-paying checking accounts starting in 1977, with Federal Reserve authority to impose a one-year delay.

Proxmire's proposal was adopted as a substitute for another amendment by John G. Tower (R Texas), top-ranking Republican on the Financial Institutions Subcommittee, and John Sparkman (D Ala.), the full panel's former chairman. Their proposal would have deferred repeal of the checking account interest ban for five and one-half years and required a Treasury study of the potential impact.

The Tower-Sparkman proposal would have delayed payment of interest on checking accounts at least until 1982, compared to 1977 or 1978 under the committee bill. With Tower's and Sparkman's support, Proxmire's amendment split the difference by repealing the prohibition in 1978 or in 1980.

NOW Accounts

After accepting that compromise, the Senate by a 37-55 vote defeated Jesse A. Helms' (R N.C.) proposal to apply the same dates to repeal of the existing prohibition on negotiable order of withdrawal accounts outside of New England states.

Since NOW accounts essentially amounted to checking accounts that pay interest, Helms argued that they should go into nationwide use only at the same time that the general ban on checking account interest was ended.

Subcommittee Chairman Thomas J. McIntyre (D N.H.) opposed Helms' amendment, arguing that NOW accounts were subject to regulatory requirements that allowed banks to delay paying savings withdrawals for up to 30 days. But "while there is a technical difference between NOWs and checking accounts," Helms insisted, "there is no real difference."

Other Changes

The Senate stripped out two provisions of S 1267 to protect the jurisdictions of other Senate committees.

With the banking committee's support, the Senate by voice vote adopted:

- McIntyre's amendment to drop provisions repealing tax preferences accorded savings and loan associations and substituting a new tax credit for mortgage loan interest earnings. While allowing referral of those measures to the Senate Finance Committee, the amendment expressly made the bill's other provisions effective only upon enactment of the related tax law changes.

- Richard (Dick) Stone's (D Fla.) amendment to delete provisions repealing interest rate limits on mortgage loans guaranteed by the Veterans Administration (VA). That left the VA interest ceiling issue for study by the Senate Veterans Affairs Committee.

Making other largely technical changes in S 1267, the Senate by voice vote accepted Sparkman's amendments to specifically include loans for mobile homes and for home construction tied to long-term mortgages within the unlimited residential lending category spelled out for savings and loan associations.

To encourage savings and loan associations to broaden their investment base—while retaining their traditional role as primary source of home mortgage loans—S 1267 would allow them to place up to 30 per cent of their assets in shorter term non-residential loans and investments. Sparkman's amendments excluded from that 30 per cent limit mobile home loans and also construction loans for homes on which an institution also held long-term mortgages.

—By Tom Arrandale

Tax Cut Passage:

HOW THE 'GRINCH' FAILED TO STEAL CHRISTMAS

A lot of closed door negotiating—and a little bit of slapstick—marked the maneuverings that led to the enactment Dec. 19 of a six-month tax cut extension combined with a non-binding congressional pledge to hold down federal spending.

Senate Finance Committee Chairman Russell B. Long (D La.) may have best summed up the prevailing mood when he noted that neither the President nor Congress wanted to be "accused of being the grinch that stole Christmas."

There were substantial differences of opinion as to whether the President or Congress came off best in the exchange. And there was much dispute about whether the anti-spending language under consideration actually meant anything.

But it could not be contested that without some sort of bill being passed by Congress and signed by the President, personal and corporate federal income taxes would rise Jan. 1. And, as Sen. Long noted, no one wanted to be seen as the "grinch" who caused the tax increase.

Impasse

As late as midday Dec. 18, there seemed to be little chance of action in time to avoid a January tax increase. The House that day failed by 17 votes (265-157) to override Ford's veto of a six-month extension of the tax reductions (HR 5559). He had vetoed the measure because it did not contain the \$395-billion spending ceiling for the 1977 fiscal

year he had been demanding. (*Background, Weekly Report p. 2763, 2155*)

As House debate on the veto reached an end Dec. 18, Majority Leader Thomas P. O'Neill Jr. (D Mass.) said: "Let me tell this house the complete facts of life as they are right now, Mr. Minority Leader and members on that side. I had an idea that this was going to be a friendly veto and I think many on the minority side did. I am kind of surprised at the opposition from the minority side to this. Let me just say this to the minority leader. There is no capitulation. This is it."

Moments after the vote, an angry House Ways and Means Committee Chairman Al Ullman (D Ore.) said: "We're not going to take up this matter again" in 1975.

Not 'It'

But the Dec. 18 vote was not "it." Congress did take up the matter again in 1975 and the Democratic leadership was forced to eat its words.

Members and lobbyists who worked on the issue told Congressional Quarterly that a key part of the Democratic leadership's arguments before the override vote was that this was going to be Congress' last chance to extend the tax reductions. There were to be no more votes.

Republican leaders, on the other hand, were reassuring the members on their side of the aisle that if the veto was sustained, there still was time to pass a compromise bill that extended the cuts and incorporated the sort of anti-spending language the President was seeking.

Individual Tax Cuts Under Final Bill

(Full-Year Effect of Six-Month Tax Cut Extensions)

Adjusted Gross Income	Tax Liability									
	Single Person		Married Couple, No Dependents		Married Couple, One Dependent		Married Couple, Two Dependents		Married Couple, Four Dependents	
	1974 Law	Reduction	1974 Law	Reduction	1974 Law	Reduction	1974 Law	Reduction	1974 Law	Reduction
\$ 3,000	\$ 138*	\$ 95	\$ 28*	\$ 28	—*	\$300	—*	\$300	—*	\$300
5,000	491	127	322	192	\$ 208	508	\$ 98	398	—	300
6,000	681	147	484	200	362	429	245	445	\$ 28	228
8,000	1,087	182	837	229	694	239	559	265	312	312
10,000	1,482	151	1,152	204	1,010	189	867	216	586	278
12,500	1,996	180	1,573	177	1,408	163	1,261	147	976	210
15,000	2,549	180	2,029	180	1,864	180	1,699	180	1,371	210
17,500	3,145	180	2,516	180	2,329	180	2,156	180	1,826	210
20,000	3,784	180	3,035	180	2,848	180	2,660	180	2,285	210
25,000	5,230	180	4,170	180	3,960	180	3,750	180	3,330	210
30,000	6,850	180	5,468	180	5,228	180	4,988	180	4,508	210
35,000	8,625	180	6,938	180	6,668	180	6,398	180	5,858	210
40,000	10,515	180	8,543	180	8,251	180	7,958	180	7,373	210

*Assuming Deductible Personal Expenses of 17 Per Cent of Income

SOURCE: Joint Committee on Internal Revenue Taxation.

With the failure of the override effort, the House appeared to be following through on the Democratic leaders' vows. The House cancelled its formal recess and plans were made to hold pro-forma meetings until the beginning of the new session in January. This would have prevented the President from calling the members back for a special session to deal with a tax cut extension.

But, according to Rep. Barber B. Conable Jr. (R N.Y.), second-ranking Republican on the Ways and Means Committee and chairman of the House Republican Policy Committee, the Republicans felt certain that they held a sufficient political advantage on the issue to force a compromise.

Striking a Bargain

That evening, work began on just such a compromise. Long and Conable went to the White House to discuss the situation. They were accompanied by Sen. William V. Roth Jr. (R Del.), a member of the Finance Committee, and by Rep. Joe D. Waggoner Jr. (D La.), a member of the Ways and Means Committee. Waggoner is regarded as a leader of the southern Democrats who back the administration on fiscal matters.

As a result of that session, a move began to revive the tax cut extension by linking it with language that would call for spending reductions, but not set a specific ceiling. Senate Democrats had flatly rejected such a ceiling in a lunchtime caucus that day. But, Long noted, "as far as I'm concerned the rest of it is negotiable."

Long said the White House did not draft his spending-reduction proposals. The language was put together, he said, by Laurence N. Woodworth, the staff director for the Joint Committee on Internal Revenue Taxation. Woodworth is the chief draftsman for Ways and Means and Finance Committees' tax bills.

White House aides apparently did indicate that Ford would sign a compromise bill but the commitment was contingent upon wording of the spending provision satisfactory to the President.

Committee Meeting

The Senate Finance Committee assembled at 10:30 the next morning (Dec. 19) to consider a spending-taxation package. And it was pretty clear that a bargain was being struck.

Long proposed that an anti-spending amendment be added to the conference committee version of the six-month extension. This, in turn, would be added as an amendment to yet another obscure House-passed bill pending in the Senate. The chosen vehicle was a bill (HR 9968) to finance the rebuilding of the American Falls Dam in Idaho. And, for good measure, Long had the Canadian railroad car legislation (vetoed along with the tax cut) thrown into the package.

The three-paragraph spending amendment said that "Congress shares the President's determination" to hold down the national debt by reducing spending and affirmed Congress' commitment to the new congressional budget process. (*Amendment Text, box p. 2873*)

'\$1 for \$1'

The amendment also said that Congress would reduce spending "\$1 for each \$1" of future tax cuts. Committee debate made clear that the "\$1 for \$1" phrase was the "equivalent" for the \$395-billion ceiling. There also was an

"escape clause" voiding the spending limitation in the event of changing economic conditions or other unforeseen circumstances."

Sen. Walter F. Mondale (D Minn.) proposed some minor wording changes suggested by Budget Committee Chairman Edmund S. Muskie (D Maine). One change was agreed to by the Finance Committee. However, Long balked at specifically mentioning the phrase "tax reform" as a way to increase revenues and thereby reduce the spending cuts.

"You mean 'tax increases' don't you?" Long said. "A 'tax reform' is a tax increase you approve of." The committee then decided to go along with the language as proposed by Long (with the one change) and to tie up any loose ends in floor debate.

Roth moved to add the language to the tax cut and all 12 committee members present voted "aye." After a brief moment of procedural confusion, the panel voted on the question of linking the taxation-spending package to HR 9968. This gave Sen. Carl T. Curtis (R Neb.) the opportunity he wanted to vote against the tax cut. The motion passed 11-1, with Curtis the lone dissenter.

Floor Action

About an hour later, the package was ready for Senate floor debate. In general, the discussions centered on three points: 1) establishing legislative history that the spending limitation did not mean much, 2) establishing that the White House would sign the measure and 3) congratulating everyone concerned for having worked out the agreement.

"We should keep in mind," Curtis said, "that a ceiling of a figure, or words committing us to restrain spending, are all about the same because none of them have any authority beyond the statute and they are of limited authority." Although Curtis was speaking against the bill, his arguments were echoed by many of the measure's proponents.

Muskie did much of the talking during the debate and most of what he had to say was to point out why the Senate and House Budget Committees did not have to pay a great deal of attention to the spending language when they went to work on the 1977 budget.

Among other things, Muskie said that the nature of the \$28-billion budget cuts Ford plans to announce in connection with his 1977 budget would constitute one of the "unforeseen circumstances" in the spending bill's escape clause, because the President has not yet disclosed those cuts.

Starting Point

Another point that emerged in the debate was that Congress was not committed to any specific starting point for calculating spending cuts. Ford's proposal is based on reducing projected budget increases so all calculations have to be made on the basis of estimates.

OMB puts the 1977 fiscal year "current services budget" (what federal spending would be with no change in existing programs) at \$423-billion. Subtracting the President's \$28-billion cut from \$423-billion yields the \$395-billion ceiling.

However, the current tax reductions are at an annual rate of approximately \$16-billion, which would mean a \$407-billion ceiling. Further, Muskie challenges the \$423-billion base figure and says it could be as high as \$430-billion. With a continuation of the existing cuts that means a \$414-billion ceiling.

Shortly thereafter, the anti-spending language was adopted 82-0 and the package cleared for the House 73-7. (*Vote 598 and 599, p. 2898*)

House Reaction

The House did not gree the measure with quite the same good humor as the Senate.

Speaker Carl Albert (D Okla.) was upset. O'Neill was upset. Ullman was upset. House Budget Committee Chairman Brock Adams (D Wash.) was upset. Democratic freshmen who had hoped the leadership would show firmness on the issue were upset.

Also unhappy were AFL-CIO lobbyists, who did not want to see the Republicans who voted to sustain the veto "get off the hook." The labor lobbyists were urging the House to send the tax bill back to the White House with no spending language.

Ken Young, number-two man in the AFL-CIO's legislative department, worried that even a vague concession on spending would give the Republicans a club to use in next year's budget debate.

Ullman and Adams met with Albert and O'Neill to plot strategy. Woodworth was put to work along with budget committee staff to draft another amendment. "Right now I don't even know where the deal is being made," a senior Ways and Means Democrat observed that morning, "but I assume someone is making one."

Eventually, the members of the Ways and Means and Budget Committees were assembled behind the closed doors of one of the Speaker's rooms to go over the draft. "This isn't a meeting," Ullman told a reporter, "we're just having an informal discussion."

Republicans Pleased

One of the participants who were happy with the turn of events was Republican Conable. He noted that the Democrats might not be happy about the compromise but they were "boxed in." In any case, "the beauty of the arrangement," he added, "is that both sides can go away claiming a great victory."

Confronted with a taxation-spending package, the Democrats could vote against the spending ceiling without also voting against the tax cut. Still, they could claim to have forced the President to abandon his \$395-billion ceiling, while the Republicans could say the Democrats had accepted the "\$1 for \$1" spending cut.

Some House Democrats caught the spirit immediately. Said Joseph E. Karth of Minnesota: "This represents a terrible defeat for the President. He's had to back away from everything he's insisted on."

Others, such as Abner J. Mikva of Illinois, were less pleased: "Of course the language is meaningless, but how does it look if we said yesterday that we must not allow any interference with the budget process but today we go ahead and do just that?" After about an hour, the committee members ended their "discussion" in the Speaker's rooms by agreeing on substitute spending language.

White House Sounded Out

The draft was discussed with White House lobbyists and, apparently, with the President. Asked whether Ford approved the new language, Ullman said only: "The President hasn't said he wouldn't sign it."

The House version of the spending limitation said little

Amendment Text

The following is the text of the "anti-spending" amendment to HR 9968 approved by the Senate Finance Committee Dec. 19:

Congress shares the President's determination to reduce spending levels in order to reduce the national deficit.

Congress affirms its commitments to the procedures established by the Congressional Budget and Impoundment Control Act of 1974.

If the Congress recommends a continuation of the tax reduction provided by this act for the remainder of the calendar year 1976, Congress shall provide for reductions in the level of spending which would otherwise occur by \$1.00 for each \$1.00 of tax reduction (from the 1974 tax rate levels) provided in the fiscal year 1977, *provided, however*, That nothing shall preclude the right of the Congress to pass a resolution containing a higher or lower expenditure figure if the Congress concludes that this is warranted by changing economic conditions or other unforeseen circumstances. [Emphasis in original]

This is the final text of the "anti-spending" language as written by members of the House Ways and Means and Budget Committees and approved by the House and Senate later Dec. 19:

Congress is determined to continue the tax reduction for the first 6 months of 1976 in order to assure continued economic recovery.

Congress is also determined to continue to control spending levels in order to reduce the national deficit.

Congress reaffirms its commitments to the procedures established by the Congressional Budget and Impoundment Control Act of 1974 under which it has already established a binding spending ceiling for the fiscal year 1976.

If the Congress adopts a continuation of the tax reduction provided by this act beyond June 30, 1976, and if economic conditions warrant doing so, Congress shall provide, through the procedures in the budget act, for reductions in the level of spending in the fiscal year 1977 below what would otherwise occur, equal to any additional reduction in taxes (from the 1974 tax rate levels) provided for the fiscal year 1977: *Provided, however*, That nothing shall preclude the right of the Congress to pass a budget resolution containing a higher or lower expenditure figure if the Congress concludes that this is warranted by economic conditions or unforeseen circumstances. [Emphasis in original]

Asked by Sen. Frank E. Moss (D Utah) whether the language was "meaningless," Muskie replied: "I do not wish to overstress things. I do not wish to discourage the President from signing the bill. But let me say that I think he preserves all our prerogatives.... It may mean something to him."

Whimsical Note

The Senate's tone in all this was occasionally whimsical. For example, Sen. John O. Pastore (D R.I.) rose after the debate had been in progress for awhile to say: "I am afraid that unless we stop complimenting one another and get this bill to a vote, there will not be enough time for the House to join us in this venture."

more than the Senate text. There was a change in emphasis to suggest that if Congress acted in response to the measure it would be because Congress wanted to. The "\$1 for \$1" phrase gave way to an "equal to" wording. But, by and large, the House version differed only in slightly more awkward syntax.

House Debate

House debate did not quite follow the same lines as the Senate's. Ullman and Adams sought to demonstrate that the language would not interfere with the House's prerogatives or the budget process. However, this was offset by the Republicans (and Waggoner) who sought to emphasize the measure's endorsement of spending reductions.

The Republicans' efforts were impeded somewhat by uncertainty as to whether the White House wanted the House language or the Senate language. Rhodes announced finally that the White House preferred the Senate's draft. However, the Republican leaders said they would go along with the House version.

Once again, O'Neill had a key statement to make. He noted that "I was determined yesterday that the final vote on the veto would be the final vote." However, he warned the Democrats who were unhappy with the new bill that the economic consequences of letting taxes increase would be unacceptable. And he said the new draft enabled the House to have "input" into the spending limitation.

HR 9968 then was adopted, 372-10. (Vote 611, p. 2898) But that did not settle the matter.

One More Try

The White House made one more push to change the language as the measure went back to the Senate for concurrence in the House's amendment.

House leaders had said they were presenting their language on a take-it-or-leave-it basis. They would not go to conference on the matter, nor would they entertain another vote. And the question of the House's willingness to deal further was rapidly becoming academic. Members were leaving town for the Christmas recess. The possibility for a House quorum was rapidly vanishing and, indeed, an adjournment resolution had been adopted and sent to the Senate.

Nevertheless, Long, Roth, Muskie, Budget Committee ranking minority member Henry Bellmon (R Okla.), Majority Leader Mike Mansfield (D Mont.), Majority Whip Robert C. Byrd (D W.Va.) and Minority Leader Hugh Scott (R Pa.) were closeted behind the closed doors of one of the majority leader's offices.

Joining in the two-hour discussion of the next move were White House lobbyists John O. Marsh Jr. and Max L. Friedersdorf.

Finally, at approximately 7:30 p.m., a decision was reached. Muskie and Bellmon emerged first, pausing momentarily to tell reporters: "Apparently we will accept the House language along with legislative history to make it clear that it's the same as the Senate language." Muskie's tone of voice indicated a certain amusement at the idea.

Long then came out of the room and confirmed the deal, adding that the floor debate would be supplemented with a statement from Ullman. In a news conference earlier that evening, Ullman and Adams had agreed that there was no "substantive" difference between the House and Senate versions.

"We're going to accept the House language," said Long. "They're trying to say the same thing as us but the tone isn't nearly as much in the Christmas spirit as ours."

Roth and Scott said the President had not said outright that he would sign the bill. "The President made clear what he wanted," Scott went on to say. "If that is carried out, there is no obstacle to his signing it."

On the floor, Roth, Long and Curtis dominated the proceedings, establishing the legislative history the White House requested. Muskie was present to listen but took no active part. And Waggoner came over from the House to keep an eye on the Senate proceedings.

With all that taken care of, the Senate agreed to the House version by voice vote. The President signed the bill Dec. 23. ■

—By Al Gordon

Unfinished Business:

SBA AMENDMENTS

Congress did not complete action in 1975 on a bill (S 2498) making several changes in the authority of the Small Business Administration (SBA). The House and Senate approved differing versions of the measure and the differences were to be resolved in a conference in 1976.

Senate Action

The Senate passed S 2498 Dec. 12 by a 69-5 vote. (Vote 580, *Weekly Report* p. 2827)

The bill was reported Oct. 8 by the Banking, Housing and Urban Affairs Committee (S Rept 94-420), was referred then to the Commerce Committee, and was reported by that committee Nov. 26 (S Rept 94-501).

As passed, the bill established an office of export development within the SBA, set up a National Commission on Small Business, and eased funding for the acquisition of pollution control equipment by small businesses.

Prior to passing the bill, the Senate adopted, 50-25, an amendment by Jacob K. Javits (R N.Y.) and Gaylord Nelson (D Wis.) that would enable certain small farms and ranches to qualify for assistance from the SBA. (Vote 577, *Weekly Report* p. 2826)

A second Javits-Nelson amendment that would have provided aid to small businesses adversely affected by disruption of service from a utility such as telephones, electricity, natural gas or water was defeated, 28-46. (Vote 578, *Weekly Report* p. 2826)

The Senate adopted an amendment by Quentin N. Burdick (D N.D.) that required the President to review all federal disaster loan authorities and report to Congress by April 30, 1976, with legislative recommendations, including possible consolidation of some authorities. The amendment, adopted by a 64-10 vote, replaced a provision of the committee bill which would have transferred SBA's disaster loan authority to the Department of Housing and Urban Development. (Vote 579, *Weekly Report* p. 2827)

By voice votes, the Senate also adopted two other amendments: one to increase the authorization for SBA surety bond guarantees to \$56.5-million from \$35-million, and one to allow SBA to make guarantee payments directly to the owner if the contractor and the surety company both defaulted on their obligations.

As passed by the Senate, S 2498:

- Established within the Small Business Administration an office of export development, to be headed by an assistant administrator, to promote small business interests in export markets.

- Increased funds available for SBA's pollution control equipment lease program to \$25-million from \$10-million; established a new program to let small business finance pollution control equipment through sale of tax-exempt industrial revenue bonds.

- Established a National Commission on Small Business to study factors affecting small business and to report to Congress with legislative recommendations within two years; the commission would be composed of 11 members appointed by the President.

- Required the President to make a study of all federal disaster loan authorities and to report his recommendations to Congress by April 30, 1976.

- Increased the amount small business investment companies could borrow from the government to 300 per cent from 200 per cent of private capital; increased the amount small business investment companies could borrow in "venture capital" from the government to 400 per cent from 300 per cent of private capital.

- Permitted small business investment companies to be unincorporated entities; allowed banks to own 100 per cent of a small business' voting common stock.

- Authorized SBA loans to local development companies to acquire existing plant facilities.

- Increased the maximum amount of economic opportunity loans to a small business to \$100,000 from \$50,000; increased the maximum amount of local development company loans to \$500,000 from \$350,000; increased the maximum amount of regular SBA loans to \$500,000 from \$350,000.

- Made certain small farms and ranches eligible for assistance from the SBA.

House Action

The House passed S 2498 by voice vote Dec. 17 after amending it to substitute the text of a narrower bill (HR 9056) that it had passed Oct. 6 by voice vote under suspension of the rules.

The House bill, reported from the Small Business Committee Sept. 26 (H Rept 94-519) contained only the provisions making small farms and ranches eligible for SBA assistance and authorizing sale of industrial revenue bonds to finance the cost of pollution control equipment for small businesses. ■

Final Action:

RENEGOTIATION ACT EXTENDED

Congress Dec. 18 cleared for the President a bill (HR 11016) that would extend the Renegotiation Act of 1951 for nine months through Sept. 30, 1976. The act was scheduled to expire Dec. 31.

The act established a renegotiation board to review all defense and defense-related contracts to ensure that contractors were not receiving excessive profits. The House Banking, Currency and Housing Committee Dec. 9 reported a bill (HR 10680—H Rept 94-699) making extensive reforms in the Renegotiation Act but the measure encountered con-

Common-Site Picketing Veto

Apparently heeding political warnings from his own party, President Ford Dec. 22 announced that he would veto HR 5900, the common-site picketing bill.

Long sought by labor, the measure would have allowed a local union with a grievance against one contractor to picket all other contractors or subcontractors at the same construction site. Such picketing had been ruled an illegal secondary boycott in 1951 by the Supreme Court; HR 5900 would effectively overturn that holding. (*Final provisions, Weekly Report* p. 2742)

As late as September, Ford had indicated publicly that he would sign the bill if certain conditions were met. Those conditions, including the establishment of a Construction Industry Collective Bargaining Committee to bring stability to wage negotiations in the building trades, were incorporated into the final bill.

But contractors and other businessmen opposed the bill, mounting an impressive mail campaign urging Ford to veto the bill. Perhaps more significant were warnings from fellow Republicans that a decision to sign the bill could drive valuable political support and campaign contributions to Ronald Reagan.

In his message announcing his intention to veto the bill, Ford acknowledged that he had said he would sign HR 5900 if certain conditions were met, and that those conditions had been fulfilled. Nonetheless, he said, "after detailed study of the bill and after extensive consultations with others, I have most reluctantly concluded that I must veto the bill. Unfortunately, my earlier optimism that this bill provided a resolution which would have the support of all parties was unfounded. As a result, I cannot in good conscience sign this measure, given the lack of agreement among the various parties to the historical dispute over the impact of this bill on the construction industry."

One potential consequence of Ford's action was the resignation of Labor Secretary John T. Dunlop, the prime proponent of the collective bargaining committee and the only Presidential adviser to urge Ford to sign the bill. Dunlop told reporters Dec. 17 that enactment of the bill would not lead to more strikes in the construction industry and that building trades negotiations in 1976 would be "unmitigated hell" without the legislation. When asked if he would resign if Ford vetoed the bill, Dunlop said, "That's a matter you think about after the fact, not before."

Although Ford vetoed the bill during the congressional adjournment, his veto did not constitute a pocket veto and Congress in 1976 would have an opportunity to override it. An override, however, seemed doubtful since neither the House nor the Senate approved the conference report on the bill with a margin large enough to provide the two-thirds majority needed for an override. (*House action, Weekly Report* p. 2742, *Senate action, Weekly Report* p. 2796)

siderable opposition from Republicans on the committee and further consideration was postponed until 1976.

Legislative Action

The House passed HR 11016 Dec. 15 on a 395-5 vote under suspension of the rules. The bill would have extended

the act for six months, through June 30, 1976. (Vote 577, p. 2820)

The Senate passed the bill by voice vote Dec. 17 after amending it to authorize the nine-month extension. Finance Committee Chairman Russell B. Long (D La.) said his committee would need the additional time to develop reform legislation because it was committed to spending the first half of 1976 on tax reform legislation. The House then agreed to the Senate amendment by voice vote Dec. 18, clearing the bill for the President.

Staff Report:

JOINT ECONOMIC COMMITTEE

The Joint Economic Committee (JEC) staff warned Dec. 21 that President Ford's proposal to hold federal spending to \$395-billion in fiscal year 1977 "could cause a severe setback to economic recovery."

The staff report maintained that spending was more likely to rise to \$420.3-billion without any changes in spending policy. And, it added, without major policy changes, economic recovery "is likely to sputter out by 1977, leaving unemployment on a very high plateau, probably about 7½ per cent."

The 47-page report was an evaluation of the Office of Management and Budget's (OMB) "current services budget," a forecast of fiscal 1977 federal spending based on current policy.

Both the OMB and JEC documents were part of Congress' budget-making procedures, which completed their first year of use in 1975. (Story, p. 2863)

According to the JEC report, the \$395-billion spending ceiling, coupled with extension of the 1975 tax reduction through 1977, could cause the unemployment rate to rise to an average of 8.7 per cent by the end of the calendar year, with a higher inflation rate and a drop in the rate of real economic growth to below 2 per cent.

However, an expansionary economic policy aimed at a constant 4 per cent rate of unemployment would result in a full employment surplus of \$66-billion by 1981, the report said. That amount would be available for new spending programs, tax cuts and a budget surplus.

Contrary to Ford administration warnings that income-support programs would take up increasingly larger chunks of the gross national product (GNP), the report maintained that the ratio of entitlement programs to the GNP was likely to decline between 1975 and 1981.

"The federal budget is not out of control," the report declared.

The report said improvement of government efficiency and productivity, along with tax revisions, could produce from \$30- to \$35-billion by 1981.

While an expansionary federal budget would leave room for some increases in spending programs, full federal support of a national health insurance plan would require additional tax support, the JEC staff declared.

Reaction

JEC Chairman Sen. Hubert H. Humphrey (D Minn.) said the report's prediction of an ending of economic recovery was "one of the most striking and disturbing conclusions reached by this study." He called Ford's proposed spending ceiling "a disaster."

"It is incredible that the President of the United States is willing to advocate policies which could lead to rising unemployment at a time when the unemployment rate is already above 8 per cent," Humphrey said.

Ford's press secretary, Ron Nessen, said the JEC report was "brought to you by the same people who brought you the recession of 1975." He said the report reflected "an increasingly discredited philosophy" that larger deficits lead to increased prosperity.

OMB Report

The OMB current services budget, released Nov. 10, projected that spending in fiscal 1977 would rise to at least \$410.7-billion and as much as \$414.5-billion, with no changes in policy.

Based on current law, the deficit could range from \$31-billion to \$51-billion, according to the OMB report. The variations were due to a range of assumptions about the course the economy was likely to take.

The JEC evaluation praised the OMB report as "professional and competent." However, staff director John R. Stark said the JEC staff differed with OMB on some economic assumptions and in some estimating techniques, and that the JEC in some cases used more up-to-date information provided by the Congressional Budget Office.

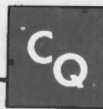
Humphrey announced that he has asked OMB Director James T. Lynn to submit an updated current services budget along with Ford's fiscal 1977 budget proposal in January 1976.

—By Donald Smith

PUBLIC LAWS

(Previous Public Laws, Weekly Report p. 2722)

- PL 94-131 (S 24)—Provide the necessary statutory authority for implementing the Patent Cooperation Treaty. McCLELLAN (D Ark.)—1/15/75—Senate Judiciary reported June 19, 1975 (S Rept 94-215). Senate passed June 21. House Judiciary reported Oct. 29 (H Rept 94-592). House passed Nov. 3. President signed Nov. 14, 1975.
- PL 94-132 (HR 10585)—Increase by \$195-billion the temporary public debt limit until March 15, 1976. ULLMAN (D Ore.)—11/5/75—House Ways and Means reported Nov. 10, 1975 (H Rept 94-647). House passed Nov. 13. Senate passed Nov. 13. President signed Nov. 14, 1975.
- PL 94-133 (S 2667)—Extend for one month until Dec. 15, 1975, the Emergency Petroleum Allocation Act. MANSFIELD (D Mont.) and JACKSON (D Wash.)—11/14/75—Senate passed Nov. 14, 1975. House passed Nov. 14. President signed Nov. 14, 1975.
- PL 94-134 (HR 8365)—Make appropriations for the Department of Transportation through Sept. 30, 1976. McFALL (D Calif.)—6/26/75—House Appropriations reported June 26, 1975 (H Rept 94-331). House passed July 10. Senate Appropriations reported July 22 (S Rept 94-291). Senate passed, amended, July 25. Conference report filed in House Nov. 6 (H Rept 94-636). House agreed to conference report Nov. 11. Senate agreed to conference report Nov. 12. President signed Nov. 24, 1975.
- PL 94-135 (HR 3922)—Enact Older Americans Amendments of 1975. BRADEMAS (D Ind.), PERKINS (D Ky.), QUIE (R Minn.), MEEDS (D Wash.), BELL (R Calif.), CHISHOLM (D N.Y.), PEYSER (R N.Y.), LEHMAN (D Fla.), JEFFORDS (R Vt.), CORNELL (D Wis.), PRESSLER (R S.D.), BEARD (R Tenn.), ERLNBORN (R Ill.), ZEFERETTI (D N.Y.), ESCH (R Mich.), MILLER (D Calif.), ESHLEMAN (R Pa.), HALL (D Ill.), SARASIN (R Conn.), THOMPSON (D N.J.), RISENHOOVER (D Okla.), DENT (D Pa.), GOODLING (R Pa.), DANIELS (D N.J.) and HAWKINS (D Calif.)—2/27/75—House Education and Labor reported March 14, 1975 (H Rept 94-67). House passed April 8, 1975. Senate Labor and Public Welfare reported June 25 (S Rept 94-254). Senate passed, amended, June 26. Conference report filed in House Nov. 17 (H Rept 94-670). House agreed to conference report Nov. 19. Senate agreed to conference report Nov. 20. President signed Nov. 28, 1975.



HOUSE REJECTS MEDICARE 'BUY-IN' PROPOSAL

After throwing out a Senate proposal to allow individuals under age 65 to buy into the Medicare program for the aged, Congress Dec. 19 cleared legislation (HR 10284) making a number of changes in the Medicare program. Final action came when the Senate agreed to accept House changes in the heavily amended version of the bill passed by the Senate Dec. 17. (Weekly Report p. 2783)

The House refused to accept the Senate provisions that would have allowed individuals aged 60 to 64 to buy into the Medicare program at cost. Most individuals did not qualify for subsidized Medicare coverage until they reached age 65.

But the House agreed to two other key Senate amendments modifying an existing law (PL 92-603) requiring local medical groups to set up professional standards review organizations (PSROs) to monitor the quality of inpatient care received by Medicare and Medicaid patients. These amendments would give physician groups that had not opposed the peer review program an extra two years to set up PSROs and enable doctors in a few states to place control of a PSRO program under a state medical society.

The original House version of the bill, approved Nov. 17, would have made only minor changes in the Medicare program. (Weekly Report p. 2528)

Provisions

As cleared for the President, HR 10284:

- Stipulated that federal reimbursements to physicians for care of Medicare patients in fiscal 1976 could not be any lower than comparable reimbursements in fiscal 1975.
- Extended to Jan. 1, 1979, from Jan. 1, 1976, the authority of the Department of Health, Education and Welfare (HEW) to waive a requirement that rural hospitals provide Medicare patients with the services of a registered nurse around the clock.
- Directed HEW to poll doctors in states where the department had established more than one PSRO area as to whether they preferred to establish a PSRO serving the entire state instead of several PSROs within the state; limited the polling requirement to states where HEW had not designated a group to serve as a conditional PSRO in any PSRO area within the state.
- If a majority of doctors responding to the poll in each PSRO area within a state preferred the statewide approach, directed HEW to establish a statewide PSRO area.
- Authorized federal reimbursements for the cost of PSRO activities carried out directly by a PSRO as well as those carried out by established hospital committees selected by a PSRO to carry out the required review.
- Delayed the effective date of HEW's authority to designate a PSRO not controlled by a professional medical group to Jan. 1, 1978, from Jan. 1, 1976; reaffirmed HEW's authority to select a PSRO not controlled by physicians after Jan. 1, 1976, in areas where the largest professional medical group or the state medical society had voted to oppose the program or had rejected a PSRO.

- Clarified provisions of a 1972 law (PL 92-603) so that they would not require medical peer review of the need for the hospital admission of every Medicare and Medicaid patient.

- Corrected a technical error in existing law so that the monthly premium for physician services under Medicare could increase to \$7.20 from \$6.70 on July 1, 1976.

- Stipulated that states need not comply with an existing law requiring them to deduct, at the option of a welfare recipient, money needed to cover food stamp purchases from welfare checks until Oct. 1, 1976.

House Action

The House voted 371-16 under suspension of the rules Dec. 19 to amend the broadened Senate version of the original House bill. The amendment retained some of the new Senate provisions, reworked others and killed several altogether. (Vote 606, p. 2898)

The more important Senate amendments rejected by the House would have set up the Medicare "buy-in" program and restricted the medical malpractice liability of PSROs. Dan Rostenkowski (D Ill.), chairman of the Ways and Means Health Subcommittee, argued that the House should limit the bill to non-controversial items or changes needed to extend deadlines under existing law. He said his subcommittee would consider broader changes in the Medicare program in early 1976.

The Senate-passed amendments accepted by the House included those changing implementation of the PSRO program and making it clear that medical peer review committees did not need to monitor the hospital admission of every Medicare patient. The House also insisted on its original version of provisions included in both the House- and Senate-passed measures.

The House provisions reaffirmed Dec. 19 gave rural hospitals another three years before they would have to provide Medicare patients with round-the-clock care by a registered nurse. The Senate voted to delay this requirement for only one year. The House also rejected a Senate move to require HEW to base increases in physician fees under Medicare on regional economic indices instead of a national index. Rostenkowski pointed out that HEW did not have the data to develop regional indices in the near future.

While some House members grumbled that the Senate had turned the bill into "Christmas tree" legislation, there was little debate over the House amendment.

Senate Action

The Senate cleared the bill by accepting the House amendment by voice vote later on Dec. 19, sending the bill to the President on the last day of the session.

Finance Committee Chairman Russell B. Long (D La.) tried to soothe Senate sponsors of amendments rejected by the House by pointing out that the Ways and Means Com-

mittee had promised to review these proposals in 1976. ■
—By Elizabeth Bowman

Bill Cleared:**SOCIAL SECURITY AMENDMENTS**

Congress Dec. 19 cleared for the President a bill (HR 10727) aimed at reducing the backlog of cases appealing the government's denial of Social Security benefits and making other minor and technical changes in the Social Security laws.

A Senate-passed provision that would have amended the Work Incentive Program (WIN) was dropped from the final version of the bill.

The House had passed HR 10727 Dec. 1 as emergency legislation in hopes of providing some quick relief to the nearly 105,000 persons who were appealing the federal government's decision not to award them Social Security retirement or disability benefits, Medicare payments, Supplemental Security Income (SSI) payments or black lung benefits. It often took months, even years, for the appeals process to be completed.

To ease the backlog, the House version authorized SSI hearing examiners to hear Social Security and Medicare claims cases. It also gave applicants for SSI benefits the same administrative and judicial rights enjoyed by applicants for Social Security and Medicare benefits. Finally, it limited to 60 days the period of time in which one could file an appeal of a denial of claim. (*Story, Weekly Report p. 2734*)

Senate Action**Committee**

The Senate Finance Committee made several changes in the House version before reporting the bill (S Rept 94-550) on Dec. 12. It:

- Postponed the effective date of the 60-day limitation for filing appeals until March 1, 1976.
- Cut back on employers' tax reporting requirements by allowing annual, rather than quarterly, reporting of Social Security wages.
- Required the Department of Health, Education and Welfare (HEW) to give 18 months' advance notice before making any changes in the way state and local governments deposited Social Security contributions.
- Made technical changes regarding coverage for certain police and firemen in West Virginia.

Floor Action

The Senate agreed to the Finance Committee amendments Dec. 17 by voice vote after adopting three amendments on the floor.

The most significant of the three was offered by Russell B. Long (D La.), chairman of the Finance Committee. It would direct persons required to register for the Work Incentive Program to actively seek work and establish an employment search program to assist them. The amendment would affect about 650,000 persons registered in the WIN program but not enrolled in any WIN placement, training, or employment program. The WIN program was designed to give job training and experience to

persons who received welfare (Aid to Families with Dependent Children). Long's amendment was adopted by voice vote.

A second amendment, by Mike Gravel (D Alaska), would exempt certain state payments to Alaskans from the definition of income so their Social Security payments would not be reduced. It was adopted by voice vote.

Finally, the Senate adopted by voice vote an amendment by Frank Church (D Idaho) that would allow Idaho to issue tax-free bonds to finance the reconstruction of American Falls Dam.

Final Action

The bill then was returned to the House, which agreed Dec. 19 to drop the WIN amendment and the American Falls Dam amendment. (A House version of the latter amendment—HR 9968—became the vehicle for the tax cut legislation.)

The House also postponed for one year, until Jan. 1, 1978, the Senate provision allowing employers to report Social Security wages annually rather than quarterly.

The House then voted, 390-0, to suspend the rules and agree with the Senate amendments to HR 10727 as amended. (*Vote 607, p. 2898*)

Later in the day, the Senate agreed to the House amendments by voice vote, clearing the bill for the President.

Provisions

As cleared, HR 10727:

- Gave applicants for SSI benefits the same administrative and judicial rights enjoyed by applicants for Social Security and Medicare benefits.
- Authorized hearing examiners for the Supplemental Security Income and black lung benefits programs to hear Social Security and Medicare claims cases.
- Decreased, after Feb. 29, 1976, to 60 days, from six months, the amount of time an applicant had to appeal denial of a Social Security or Medicare benefits claim; increased to 60 days, from 30 days, the time period for appealing denial of a Supplemental Security Income claim.
- Allowed annual, rather than quarterly, reporting of Social Security wages after Jan. 1, 1978.
- Required the Department of Health, Education and Welfare to give 18 months' notice before making any changes in the way state and local governments deposited Social Security contributions.
- Exempted certain state payments to Alaskans from the definition of income to allow them to receive their full Social Security benefits.
- Made technical changes regarding Social Security coverage for certain police and firemen in West Virginia. ■

Action Not Completed:**REHABILITATION ACT**

Congress did not complete action on a bill (HR 11045) that would extend the Rehabilitation Act of 1973. The act had been extended through fiscal 1976 in 1974. (*1974 Almanac p. 428*)

At adjournment, the House had approved a version which would have extended the act for two years, through fiscal 1978, while the Senate version would extend the act for only one year, through Sept. 30, 1977. A quick resolution of the issue was expected when Congress returned.

House Action

The House passed HR 11045 Dec. 15 by voice vote under suspension of the rules. The bill authorized \$740-million in fiscal 1977 and \$760-million in fiscal 1978 for matching grants to the states to assist in vocational rehabilitation programs for the physically and mentally handicapped. Fiscal 1976 authorizations and appropriations totaled \$720-million. The federal government provided 80 per cent of the funds; the states, 20 per cent.

The bill also authorized \$25-million in each of the two fiscal years for innovation and such sums as Congress might appropriate for several other supporting programs, such as training, research and facilities construction.

There was no opposition to the bill voiced on the House floor. Its supporters said it was necessary to pass the bill quickly so that states would know how much to allocate for matching funds.

According to the House Education and Labor Committee, which reported the bill Dec. 12 (H Rept 94-721), the act served 2,391,624 handicapped people and rehabilitated 324,039 in fiscal 1975.

Senate Action

The Senate passed the bill by voice vote Dec. 19 after amending it to extend the act for only one year. The Senate version also held authorizations at the fiscal 1976 levels, including \$720-million for the state grant program, \$42-million for innovation, \$32-million each for research and training, \$20-million for special projects and \$1.5-million for the Architectural and Transportation Barriers Compliance Board.

Jennings Randolph (D W.Va.), chairman of the Labor and Public Welfare Subcommittee on the Handicapped, said his subcommittee would undertake a thorough review of the rehabilitation act in late January. The House Education and Labor Committee also planned hearings. ■

Bill Cleared:**READING IMPROVEMENT**

Congress Dec. 19 cleared for the President a bill (HR 8304) that would continue federal funding for reading improvement programs and provide a new program of federal subsidies to buy inexpensive books for distribution to children.

Final action came when the House agreed by voice vote to Senate amendments to the original House bill.

The House version, passed Dec. 15 by voice vote under suspension of the rules, made technical changes to authorize the U.S. Office of Education under the authority of the new National Reading Improvement Act to continue to fund the types of reading projects carried out under the old Right to Read program. The National Reading Improvement Act, enacted as part of the Education Amendments of 1974 (PL 93-380), replaced the Right to Read program but only allowed certain state grants if a certain amount of money was appropriated. Since Congress did not

appropriate enough, grants to the states for reading program leadership and training activities would have been terminated unless HR 8304 was passed. (*PL 93-380, 1974 Almanac p. 441*)

The bill also authorized \$4-million in fiscal 1976 and \$18-million in fiscal 1977-78 for the Office of Education to pay up to 50 per cent of the purchase price of inexpensive books to be given to children to encourage them to read. The purchasing would be arranged through contract with a private organization such as Reading Is Fundamental Inc. The bill had been reported Dec. 12 by the House Education and Labor Committee (H Rept 94-720).

After House passage, the bill was not referred to a Senate committee but was amended directly on the Senate floor. The major Senate amendments provided for separate authorizations for the two main grant programs under the National Reading Improvement Act and stipulated that only 1 per cent, rather than 3 per cent, of the state grants could be used for administration. The Senate passed the bill with those amendments by voice vote Dec. 17.

The House by voice vote then agreed to the Senate amendments Dec. 19, clearing the measure. There was little debate on the bill in either chamber.

The administration opposed authorization of the book purchasing program, contending that the federal government should not fund a program that had received substantial support from private contributors. ■

HEW NOTES**Conference on Handicapped**

The Senate Dec. 17 by voice vote passed S J Res 154, extending until December 1977 the time period in which the President could convene a White House Conference on Handicapped Individuals. The House, however, did not act and the resolution was not cleared before adjournment.

The conference had been authorized in 1974 under a bill (PL 93-516) extending the Rehabilitation Act of 1973. That bill gave the President two years to call a conference. But President Ford did not appoint the conference planning council for 10 months, giving it only 14 months at the most to put together the conference, which also entailed smaller conferences at the state level. The council considered that time period inadequate and recommended that the conference be postponed until September 1977. ■

Advertising by Doctors

The Federal Trade Commission's Bureau of Competition filed a complaint Dec. 22 accusing the American Medical Association (AMA) of hindering competition illegally by barring its members from advertising their fees. An administrative law hearing on the complaint was scheduled for Feb. 9, 1976.

Because the AMA and state and local medical societies prohibited their members from advertising under their codes of ethics, the complaint alleged that doctors' fees "have been stabilized, fixed or otherwise interfered with; competition between medical doctors in the provision of such [medical] services has been hindered, restrained, foreclosed and frustrated." The bureau also argued that patients had been deprived of information that would help them choose a doctor. ■

TEXT OF FORD VETO OF LABOR-HEW FUNDS BILL

Following is the White House text of President Ford's Dec. 19 veto of HR 8069, a bill making fiscal 1976 appropriations for the Departments of Labor and Health, Education and Welfare and related agencies. (Story, Weekly Report p. 2731)

TO THE HOUSE OF REPRESENTATIVES:

I return without my approval H.R. 8069, the Departments of Labor and Health, Education, and Welfare Appropriation Act, 1976.

As you know, I have just vetoed H.R. 5559, which would have extended for six months the temporary tax cut due to expire on New Year's Eve, because it was not accompanied by a limit on Federal spending for the next fiscal year. H.R. 8069 is a classic example of the unchecked spending which I referred to in my earlier veto message.

H.R. 8069 would provide nearly \$1 billion more in spending authority than I had requested. Not only would the \$45

billion total in this bill add significantly to the already burdensome Federal deficits expected this year and next, but the individual increases themselves are unjustified, unnecessary, and unwise. This bill is, therefore, inconsistent with fiscal discipline and with effective restraint on the growth of government.

I am not impressed by the argument that H.R. 8069 is in line with the Congress' second concurrent resolution on the budget and is, therefore, in some sense proper. What this argument does not say is that the resolution, which expresses the Congress' view of appropriate budget restraint, approves a \$50 billion, or 15 percent, increase in Federal spending in one year. Such an increase is not appropriate budget restraint.

Effective restraint on the growth of the Federal Government requires effective limits on the growth of Federal spending. This bill provides an opportunity for such limitation. By itself, this bill would add \$382 million to this year's deficit and would make next year's deficit \$372 million more than if my recommendations had been

adopted. In addition, the increases provided for this year would raise expectations for next year's budget and make the job of restraining spending that much more difficult. Thus, this bill would contribute to excessive deficits and needless inflationary pressures.

Furthermore, if this bill became law, it would increase permanent Federal employment by 8,000 people. I find it most difficult to believe the majority of the American people favor increasing the number of employees on the Federal payroll, whether by Congressional direction or by other means. On the contrary, I believe the overwhelming majority agree with my view that there are already too many employees in the Federal Government.

I am returning this bill without my signature and renewing my request to the Congress to approve a ceiling on Federal spending as the best possible Christmas present for the American people.

GERALD R. FORD

The White House,
December 19, 1975

Senate Passage:

ANTITRUST FUNDS

The Senate Dec. 12 passed by voice vote a bill (S 1136) designed to increase funding for federal and state antitrust law enforcement.

Reported jointly by the Commerce and Judiciary Committees, the measure would set specific authorization levels in fiscal 1976-78 for the Justice Department's Antitrust Division and the Federal Trade Commission's Bureau of Competition and permit the two agencies to increase their litigation staffs.

The bill also included a three-year grant program to help states improve their antitrust efforts. A "declaration of policy" section linking industrial overconcentration to unemployment, inflation and inefficiency was removed from the bill on the Senate floor. (Committee report, Weekly Report p. 2642)

Floor Debate

PRO: Philip A. Hart (D Mich.), chairman of the Judiciary Subcommittee on Antitrust and Monopoly, explained the theory behind the bill. "Without adequate funding and staffing, it is unrealistic to expect effective enforcement of the antitrust laws," he said. "Continued neglect will inexorably lead to ever increasing economic regulation; and possibly nationalization, of vast segments of the economy."

Hart said that the \$21.6-million appropriation Congress gave the antitrust division in fiscal 1976—an increase of almost \$5-million over the previous year's total—was a result of the publicity generated by hearings on S 1136. "If Congress does not provide appropriate input through the authorization process," he said, "it is clear to me that adequate appropriations for antitrust enforcement

will remain an illusionary dream." (Justice Department appropriation, fiscal 1976, Weekly Report p. 2104)

CON: Roman L. Hruska (Neb.), ranking Republican on the subcommittee, warned that the bill would undermine appropriated funds" by creating a separate funding category for the Justice Department's antitrust division. And he said it would upset "the established division of responsibilities between the authorizing committees and the appropriations committees of Congress by setting maximum funding levels years in advance for relatively small components of larger appropriations."

The Ford administration opposed the bill for similar reasons.

Hruska added that the state grant program, which would provide up to \$10-million a year in fiscal 1976-78, was an unnecessary new aid program that would mushroom in future years.

Before the bill was passed, the Senate approved by voice vote Hruska's amendment striking the policy section. Hart said he agreed to the amendment only because the session was almost over and he wanted the bill passed.

Provisions

As passed by the Senate, S 1136 would:

- Authorize for the Justice Department's Antitrust Division and the Federal Trade Commission's Bureau of Competition up to \$25-million each in fiscal 1976; \$6.25-million for the transition period; \$35-million in fiscal 1977 and \$45-million in fiscal 1978.

- Authorize both agencies to hire an additional 25 "supergrade" employees to improve antitrust litigation efforts.

- Authorize the attorney general to distribute to the states up to \$10-million a year in fiscal 1976-78 to provide seed money for improvement of antitrust enforcement programs. ■

LABOR AND THE DEMOCRATS: A TENUOUS ROMANCE

The Road to New York

The goals of the coalition are simple. Its members want to be part of the convention decisions in New York City next summer on the Democratic Party's platform and nominee. "It makes no sense to us that we would go into a crucial presidential year and have nobody on the convention floor representing labor," said Girard Clark, political director of the public employees' union. AFSCME is a key participant in the coalition.

Clark said the coalition's goal is 400 to 600 convention delegates friendly to labor—union members, spouses of union members, or persons who work closely with unions, such as labor lawyers. It is a realistic goal, coalition leaders think. There are six million members in the nine coalition unions. There are 200 congressional districts in which the unions have a combined average of 20,000 members.

Union officials disagree about just what the target number of labor delegates is, and some of them deny there is one. But they agree about one thing: It is more important to get the labor people to New York than to get them to support anyone in particular before they arrive.

"The whole theory we're working on," said Bill Holayter, political director of the Machinists, "is it doesn't matter who you're for—we want delegates to the convention."

Conflicting Theories

In some states, the coalition unions will cooperate in supporting a variety of candidates, placing labor friends on several different slates in the same primary or caucus. If the convention deadlocks, according to theory, the labor delegates can shed their first-ballot commitments and participate in a labor caucus that could determine the eventual nominee.

One top labor official, whose union is not a member of the caucus, thinks the strategy is nonsense. "My own theory," he said, "is that we ought to stay the hell out of partisan politics. I think it was stupid to go to Kansas City in 1974. We ought to sit back in our pristine purity and be wooed.... So you get two spots out of 30 delegates, or four spots out of 30—what does that mean? When you elect labor delegates, they may or may not be willing to go the way labor in Washington wants."

But that is a minority opinion. The people who formed the Labor Coalition Clearinghouse believe that in a brokered convention, any bloc that can keep its stability can be decisive. And they are convinced labor is as likely to keep that stability as anyone else who will be at the convention.

But while they hope for that kind of role, the coalition's leaders are careful to play down its influence. "It's not a fight with George Meany," said Mikel K. Miller, political director of the Communications Workers. "We have no goal of 500 delegates or 1,000 delegates. We don't have a candidate already picked. We don't intend to take our delegates and impose our will on the convention.... We feel it is very

George Meany may have taken the AFL-CIO out of Democratic Party politics, but much of organized labor is not leaving. Unions may be more important to the nominating process in 1976 than they have been in any recent election year.

Labor activity is obvious in nearly all the early primary and caucus states—in Iowa, where unions are dividing their support a half dozen ways to get as many labor-minded delegates to the national convention as possible; in Florida, where labor is coalescing around former Democratic Gov. Jimmy Carter of Georgia in order to deal Alabama Gov. George C. Wallace a serious setback; in New Hampshire, where Democratic Sen. Birch Bayh of Indiana is gambling that labor endorsements will lift him to the top of the liberal pack.

Many of these labor moves are local, the product of decisions made as far down as the shop steward or business agent level in the different states. But they also reflect a national policy, made in Washington, D.C., by the leadership of nine unions working together as the Labor Coalition Clearinghouse.

The unions in the coalition are the Communications Workers of America (CWA), the United Auto Workers (UAW), the International Association of Machinists, the Graphic Arts International Union, the American Federation of State, County and Municipal Employees (AFSCME), the International Union of Electrical, Radio and Machine Workers, the Oil, Chemical and Atomic Workers, the United Mine Workers (UMW) and the National Education Association (NEA). All but the UAW, UMW and NEA are AFL-CIO affiliates.

Nearly all the coalition unions played an active part in the "Labor for McGovern" movement in 1972, even after Meany, the AFL-CIO president, refused to support South Dakota Sen. George McGovern, the Democratic nominee. Officials of these unions have remained in close contact since, in battles over party reform and at the midterm Democratic conference in Kansas City, Mo., in late 1974. And when Meany announced in February 1974 that the AFL-CIO itself would not be involved in 1976 Democratic politics, the nine unions decided they would be.



George Meany



Alexander Barkan

Labor Leaders Watching and Waiting

important to become involved in the internal affairs of the Democratic Party."

COPE's Stance

The AFL-CIO Committee on Political Education (COPE), headed by Alexander Barkan, does not disown what the coalition unions are doing. Meany himself condoned some union activity at his traditional Labor Day news conference. Asked whether individual unions could encourage their members to run for delegate, the AFL-CIO president replied, "I'm quite sure that a good many of them do. Yes. I don't see any reason why they wouldn't."

Whether that blessing extends to the coalition itself is hard to say. "What they're doing is their business," a COPE official told Congressional Quarterly. "They're autonomous organizations.... If they're all over the map, it minimizes their input anyway. And the indication is they will be all over the map." He said there was hardly any contact between COPE and the coalition office a few blocks away.

Hands Off for AFL-CIO

The AFL-CIO has been officially out of party politics since Feb. 18, when the federation's executive council adopted a resolution renouncing involvement in the Democrats' affairs until after a candidate was chosen. Meany said the convention is "not the business of the AFL-CIO" and that the federation would take no part in it. The stay-out resolution was passed after several unions, most of them now coalition members, sought to place the entire delegate selection process on the executive council's agenda.

Why was the decision made? The simplest theory is that Meany was just angry—angry at the Democrats for refusing to tone down some of their courting of minority groups, angry at Chairman Robert S. Strauss for ignoring Meany-Barkan advice, angry at Sen. Henry M. Jackson (D Wash.) for his views on trade with Communist nations.

The COPE official who talked with CQ conceded that the Kansas City meeting had something to do with the decision. "Kansas City isolated was not a hell of a lot," he said. "But it was the culmination of a general and continuing repudiation of the labor movement by some elements that have gotten a foothold in the Democratic Party. We won with Strauss' victory for party chairman, for which we were somewhat responsible. I think he'll concede that. It may have been Pyrrhic. He seemed to lean over backward to mollify the groups who had opposed his selection, at the expense of those who had helped him."

But in the wake of Kansas City, the labor official said, the federation acted rationally—not because of some personal quirk on Meany's part. "The personal pique theory is preposterous," he insisted. "It may or may not be true that Meany is personally piqued at what happened. But he doesn't act out of pique."

The Deadlock Theory

The opposite theory is that the AFL-CIO is not out of politics at all; that it knows perfectly well whom it wants for President, Democratic Sen. Hubert H. Humphrey of Minnesota; and that the way to elect him is to see that the nomination process splinters badly, dictating a deadlocked convention. According to this theory, even the nine-union coalition may fit in with the Meany-Barkan grand design.

Many people around organized labor say they have heard this theory discussed. But no one interviewed was

willing to say he believed it. "It's nonsense," said one union official, "and I'll tell you why it's nonsense. We're just not that well-organized. It implies a discipline that we don't possess. Do you think it could be done and not kept secret? How many hundreds of people would you have to silence to do that? The labor movement is not the CIA."

Somewhere between "grand design" and "personal pique" is the theory that most of those interviewed by CQ said they believe. This theory is that the AFL-CIO decision was based on the pragmatic judgment that there is little the national federation can do at this point that the member unions are not already doing. Could George Meany tell the president of a strong affiliate union whom to support, or even whether to support anyone? The consensus is that he would find it difficult.

"There's not a hell of a lot that the labor movement, even united, could accomplish," the COPE official said. "It's unlikely that the Democrats would nominate a candidate unacceptable to the labor movement anyway." In his view, COPE would be wasting its time, money and prestige if it spent the next six months trying to force the nomination of a contender only slightly better than his rivals.

A Little Brokering

Meany has never been explicit about what the AFL-CIO would do at a deadlocked convention. In fact, he has implied that he would permit the federation to participate in a labor caucus once the convention deadlocked. At his Labor Day news conference, he said: "Naturally, if there is a large contingent of trade union members—members of the AFL-CIO—at the Democratic national convention, we will certainly try to have some influence on it."

The COPE official went further than that. "I think they'd be glad to get whatever help we could provide," he said of the nine coalition unions.

In any case, the coalition is not only expecting a convention caucus, but planning for it. "The coalition will obviously have a caucus," said Clark of the AFSCME, "more than one caucus. We'll have one on platform. And we'll stay in touch as the first and second ballots progress."

Some observers think the coalition would dominate any such labor caucus, even if COPE decided to participate. "The nine unions will have an advantage over the others," said David Cohen, president of Common Cause and a former AFL-CIO lobbyist. "They talk to one another all the time. They build up a trust for one another. That gives them a tremendous advantage. They may shape Barkan and Meany's agenda."

It is the possibility that the coalition might eclipse COPE at the convention that leads some labor officials to predict a change in the hands-off policy sometime before next July. "I think Meany's an able, shrewd old guy," said the political director of one coalition union. "He's not going to get himself into a position of powerlessness."

Another union political director was even more specific. "My theory is that by February—which will be too late—George Meany will want to be involved in the process. I perceive a softening of the position."

Roe of Minnesota

This official cited the COPE reaction to statements made by David Roe, president of the Minnesota AFL-CIO, that he supports Humphrey and will work for him in the pre-convention process. And Roe is not only acting as an in-

dividual. He has mobilized most of the vice presidents and other top officials of the Minnesota AFL-CIO in Humphrey's behalf. "We're doing everything possible to get Humphrey delegates to the convention," Roe told CQ.

Roe, whose background is in the building trades, said he disagrees with Meany's attempt to take the federation out of the Democratic Party. "I don't think we should let up at any time," he said. "You can't turn this on and off like a water faucet."

Barkan made it clear in November that there would be no attempt to discipline Roe—that he was free to do whatever he chose, even though COPE officially disapproved. Some observers think this case of leniency, and Barkan's willingness to talk about it in public, indicate that he and Meany are backing down.

No Change—Maybe

Officials at COPE still say, however, that there will be no change. "There's nothing on the horizon that indicates there'd be any change in this policy," one said. "It's as likely that they'll call off the Bicentennial."

Nevertheless, officials of unions within the coalition continue to speculate about the conditions, if any, under which Meany might decide to come in. "My personal theory," said Clark of AFSCME, "is that if Wallace poses a serious threat, they will get in to stop Wallace. If Wallace does not go great guns in Florida and Massachusetts, and starts to fade, they may very well keep their present stance."

Other coalition participants say they are not paying much attention to the issue. "I'm kind of unconcerned about it," said Miller of the Communications Workers. "If the AFL wants to reverse itself and get involved, that doesn't bother me. If they want to stay out, that doesn't bother me either."

What the coalition wants to do, however, is to bring in as many individual AFL-CIO unions as it can. Some of the most important AFL-CIO affiliates, such as the United Steelworkers of America, the Amalgamated Clothing Workers and the American Federation of Teachers, started by doing just what Meany is doing—staying out. Some coalition people think they now see these and other unions moving closer to participation. The Amalgamated Meatcutters, who are not involved in the coalition nationally, are heavily involved in the delegate selection process in Iowa, where they are influential.

"Meany's policy statement created a vacuum in labor activity," Miller said. "What we have found in our organizing is that other labor unions outside the coalition want to work with us. They're interested in platform. They're interested in who the nominee is."

The 'Boiler Room'

At the moment, however, the center of national labor influence in the Democratic Party is the coalition, housed in the building in Washington, D.C., that also serves as headquarters of the Communications Workers. The coalition office is a little like the "boiler room" operation of a national presidential campaign. There are regional desks and staff assistants who spend their time gathering and updating intelligence about primaries and caucuses around the nation.

"We discuss, almost on a daily basis," Miller said, "what is happening in various states—candidate strengths,

"It doesn't matter who you're for—we want delegates to the convention."

—Bill Holayter, political director, International Association of Machinists



candidate weaknesses—and comparing that with our own strengths and weaknesses to see where our opportunities lie."

Beyond that, specifics of the coalition operation are hard to obtain. Spokesmen declined to give the size of the staff or to show a visitor around the office.

"We're very leery of publicity," one spokesman explained. "We have been very cautious about responding to requests for information. We're not going to try to mislead anybody. The thing we're trying to avoid is this: We don't want to have anyone think we're some big red machine rolling across the land scooping up delegates.... We're not trying to operate the way some labor people have done in the past, which is by press release."

One important thing the coalition does is guarantee that every union in it knows what the others are doing. No one union is likely to pull any surprises on another, even at the local level. "If the UAW retiree group in Florida is getting ready to endorse Carter," Miller offered as an example, "the rest of us know about that in advance. It's basically a clearinghouse."

Beyond the clearinghouse level, though, there are basic decisions to be made. A primary or caucus is coming up: Should the nine unions each throw their support to the same candidate? Should they scatter five ways? Should they go with two candidates and leave the rest out?

The answer depends on the state. In the area around Miami, the coalition is backing Carter to try to crush Wallace—even though Jackson is also in the primary. But in Montgomery County, Maryland, outside Washington, D.C., Jackson is thought to have the best organization, so the coalition is trying to get its people on the Jackson delegate slate. Not far away, in the city of Baltimore, Jackson and Sargent Shriver are expected to qualify for delegates. The coalition is working with both.

In Iowa, unions are active in virtually every campaign. The Communications Workers and Meatcutters are for Bayh. The influential head of the state UAW, Edris (Soap) Owens, is for Carter. There is support for Jackson among the building trades unions. Labor is traditionally active within the Democratic Party in Iowa; in 1972, about a third of the state's national convention delegates had labor connections.

In some areas of the South, the way to stop Wallace may be to back Democratic Sen. Lloyd Bentsen of Texas. The coalition will do that. "There'll be places where we'll be with Bentsen," Clark said. "Head on head against Wallace? You bet we will."

"The strategy is complex," Clarke told Congressional Quarterly, "in that each state and district is a different can of worms."

The Local Level

There is no guarantee that the strategy worked out at coalition meetings in Washington will be the choice of union people in the state or district involved. This limits what the coalition can do. "All of our organizations can tell staff what to do," Miller said. "Staff can't tell locals what to do. There is no way any of us can go into Muskogee, Okla., and order our membership there to support [Fred R.] Harris."

Most observers interviewed agreed that the one sure way to increase the number of union delegates at the national convention is to excite union members locally. "Labor is crucial whenever you have an individual union guy who's willing to work his ass off," said Alan Baron, who watches the unions and the presidential contest for Sen. McGovern. "That one guy is worth 100 guys who go to a meeting."

Some coalition participants fear that the absence of COPE from the delegate selection process will make it harder for the unions who are in the coalition to find the sort of people Baron is talking about. Without COPE machinery, Holayter said, it is harder for the coalition to operate. "They have access to members in every damn union," he said. "I don't have access to the Steelworkers or any union except our own."

Unions seeking to scatter their support as part of a deliberate strategy are also likely to find candidates less than enthusiastic about it. While most of the Democratic contenders have accepted the coalition's desire to move in more than one direction at the state level, they have complained about such divisions at the local level. When it comes to small districts, candidates want the coalition to settle on one choice and stick with him.

"The candidates are not exactly excited about what we're trying to do," Miller conceded. "The candidates would rather deal with our locals than to deal with us nationally.... The quickest way to nullify our strategy nationally is to go out and pick off our locals."

The Harris campaign already is seeking to do that, using the Service Employees, who have endorsed Harris. Whenever a local official of that union comes out for Harris, this undermines the national coalition's effort to increase its delegate strength by spreading labor support around.

The Bayh campaign also has used this approach, especially in New Hampshire, where officials of numerous unions have agreed to join a Labor for Bayh Committee. Bayh aide Bill Wise said he had seen no effort so far by the unions to manipulate the candidates through divided support. But he warned that the tactic would not be successful as a national strategy. "In some places," Wise said, "they're going to be left holding an empty bag."

Being Careful

Most of the coalition unions find it comfortable to avoid a single commitment. The AFSCME was embarrassed in 1972 when it broke with other unions to give an early endorsement to Sen. Edmund S. Muskie (D Maine) and then saw Muskie falter in the early primaries.

William Dodds, the UAW political education director, said the coalition has the full support of Leonard Woodcock, the union president. "He thinks we ought to be active with as many friends as we can," Dodds said of Woodcock, "so

that there is no vacuum of political power." At year's end, Bayh and Carter had the majority of regional UAW endorsements. Bayh also had the support of a national UAW official, general counsel Steven Schlossberg.

The National Education Association, not generally identified as a labor union, entered politics on a large scale in 1974. It is at least as active in 1976, participating in the nine-union coalition. There are pockets of Bayh support in the NEA, as in most unions, and they have shown up in Iowa. One thing the NEA does not share with some of its coalition colleagues is support for Carter. NEA members in Georgia have complained to members in other states about what they considered inadequate support for education during Carter's years as governor of Georgia (1971-75). In Miami, where most coalition unions are settling on Carter as the alternative to Wallace, the NEA prefers Jackson.

There is a great deal of support for Bayh among Machinists in different parts of the country. "Bayh has been very smart at making contacts," said Holayter. "He knows as many of the machinists in the country as I do.... He can pick up the phone and call our leadership in almost any state."

Active and Liberal

The unions that decided to join the coalition differ from other unions in more than their desire to play a role in the 1976 nomination process. For the most part, they are the most active unions in lobbying as well as politics. Most have their own well-staffed lobbying operations, rather than depending on the AFL-CIO's legislative department to work for them on Capitol Hill.

The coalition unions are more issue-oriented than others and usually more liberal. The rise of these unions will have an important effect on Democratic politics for years to come.

"The whole situation puts the unions more and more to the left in the Democratic Party," said Alan Baron. "The politically active unions are the most liberal ones. I've been to a lot of political meetings, and I don't see any pipefitters or plumbers."

Instead, the unions most likely to be conspicuous at a political caucus are ones whose work takes them beyond the traditional industrial base of organized labor—government employees, service employees, communications workers and teachers. But it is dangerous to carry this reasoning too far. The Machinists and the Auto Workers are industrial unions—and are among the most active politically. The Machinists, in fact, bristle at the idea that they are joining forces with "left-wing" unions.

"I get angry at people who call us new politics unions," said Holayter. "That's nonsense. The people we represent are no different from the people the Steelworkers represent."

Nevertheless, some observers of labor are becoming aware of a division between the old-style AFL-CIO unions, committed to bread-and-butter issues and New Deal politics, and other unions more sympathetic to newer currents in liberal Democratic thought. "These newer unions are more tolerant and more willing to live with some of the post-New-Deal ideas," said David Cohen of Common Cause. "They have worked with the new forces; they can live with them and adjust to them and shape some of them.... They may or may not like some of these things, but I think they have a shot at shaping them." ■

—By Alan Ehrenhalt

For Attribution

Sen. Hubert H. Humphrey (D Minn.), quoted in the *Los Angeles Times* on his decision to not be an active candidate for President:

"I wish I were 10 years younger and two campaigns less. I'd go in there and chew them up."

Alderman Vito Marzullo of Chicago, quoted in the *Chicago Sun-Times* on his reaction to the news that nobody filed against him for 25th Ward committeeman.

"This is the 19th time I've run for office without opposition. How can I get opposition. I try to be as nasty as I can."

Gallup vs. Harris:

POLLS IN CONFLICT

Politicians in both parties found themselves more than a little confused Christmas week after learning that a Gallup Poll contradicted nearly everything a Harris Survey had told them about the 1976 presidential contest a few days before.

On Dec. 21, Gallup reported that both President Ford and former Gov. Ronald Reagan of California held substantial leads over Sen. Hubert H. Humphrey (D Minn.) in trial presidential heats. It had only been nine days since a Harris poll offered the stunning news that Humphrey ran well ahead of both Ford and Reagan in similar trial heats he conducted. Gallup also reported that Reagan had surged ahead of Ford among Republican and independent voters; Harris had no results on that subject.

But the gross differences in the two sets of findings left pollsters and other political observers scrambling to explain how two nationally known experts with similar methods could come out so far apart.

One explanation was timing. Harris did his survey of 1,214 respondents during the last week of November, finding Humphrey ahead of Reagan, 50-43, and ahead of Ford, 52-41.

Gallup's survey was taken between Dec. 5 and Dec. 8. His sampling of 1,078 respondents showed Ford leading Humphrey, 51-39, and Reagan leading Humphrey, 50-42—nearly an exact reversal.

But about the only event of national significance that happened between the two polls was Ford's trip to China, and few observers thought that was sufficient to make the difference.

There was some discussion of the sample itself. Gallup used "registered voters," while Harris used a narrower group he describes as "likely voters." The refinements used by Harris could account for some of the difference, although the two have differed in methodology before without arriving at opposite results.

The same week he presented his challenge to Harris, Gallup offered results of another poll comparing Ford, Reagan and Humphrey in tests of "charisma". Asked about the personalities of eight presidential possibilities, respondents gave the three men nearly equal ratings. Humphrey and Reagan drew a "highly favorable" rating from 23 per cent, Ford from 22 per cent. Sen. Edward M. Kennedy (D Mass.) led with 33. ■

CANDIDATES '76

West Virginia

John Hutchinson, the mayor of Charleston, announced Dec. 15 that he would seek the Democratic gubernatorial nomination. Hutchinson emphasized his opposition to public employee unions and promised to accelerate construction of the state highway system.

Hutchinson was elected mayor in 1971 and re-elected to a second four-year term in May 1975. His major competitors for the nomination are former Secretary of State John D. Rockefeller IV, who lost to Republican Gov. Arch A. Moore Jr. in 1972, and former state party chairman James M. Sprouse, whom Moore defeated in 1968.

Also in the race are Ezra Graley, a leader of demonstrations against the use of certain school textbooks; H. John Rogers, a New Martinsville lawyer; Jess Shumate, a general contractor; and Powell Layne, a construction worker.

Moore, currently under indictment for extortion, is challenging constitutional provisions which bar him from seeking a third term. (*Weekly Report* p. 2812) ■

Pennsylvania

Two potentially strong candidates for the Democratic Senate nomination in Pennsylvania have taken themselves out of consideration for a 1976 campaign.

Lt. Gov. Ernest P. Kline, 46, announced Dec. 16 that he did not feel that it would be appropriate for him to run for another office while Gov. Milton J. Shapp (D) was running for President. Kline is thought to be interested in succeeding Shapp when the governor's second term expires in 1979.

Auditor General Robert Casey, 43, took himself out of the Senate race and also ruled out running for re-election to his present office, saying he wanted to spend more time with his family. Casey had run for governor in 1966 and 1970, losing the Democratic primary each time to Shapp.

Without Kline or Casey, the current leading contenders for the Democratic nomination are Pittsburgh Mayor Pete Flaherty, 49, who lost to Republican Sen. Richard S. Schweiker in 1974, and Rep. William J. Green of Philadelphia. Both are known to be interested, but neither has declared. ■

North Carolina

A black lawyer, Reginald L. Frazier, announced for the Democratic gubernatorial nomination Dec. 17. He promised a strong campaign against crime if elected, including "crime in high places" as well as street crime.

Lt. Gov. James B. Hunt Jr. is thought to be the front-runner for the Democratic nomination, but he faces potentially serious challenges from Edward M. O'Herron Jr., a Charlotte drug executive, and Hargrove (Skipper) Bowles, the 1972 nominee.

Gov. James E. Holshouser, the Republican who defeated Bowles in 1972, is ineligible for a second consecutive term. The most active contender for the Republican nomination is David T. Flaherty, Holshouser's secretary of human resources. ■

Presidential Campaign:**SHAPP: STILL INSISTING THAT HE IS SERIOUS**

Milton J. Shapp is an unusual politician. He plays the violin, writes poetry and songs and is the author of several unproduced Broadway musicals. He is also the governor of the nation's third largest state, Pennsylvania.

And soon, he expects to be the front-runner for the Democratic presidential nomination, although a nationwide survey indicated that he was known by only one-third of the country's Democratic voters in October 1975. With little visible support outside Pennsylvania, and with an aura of corruption surrounding his administration, the 63-year-old Shapp is regarded as one of the longest of the long shots in the crowded Democratic field.

A millionaire electronics manufacturer elected governor as an opponent of political bosses, Shapp is presenting himself as an economic expert who can get the nation's stagnant economy moving. He discerns an anti-Washington sentiment—a growing dissatisfaction by voters across the country with the federal government, especially Congress. As a governor, Shapp is counting on his ability to tap such a mood in competition with his challengers for the nomination, many of whom are members of Congress.

The Campaign

"I think in four to six months I'll be looked at as the strongest contender in the race," Shapp declared Sept. 25 when he made his official announcement of a presidential candidacy that had been known for months. It was a brash statement for a man whose candidacy is considered by most observers as, at best, a favorite-son effort—and not a very strong one at that. Even among some Pennsylvania Democrats, the response to Shapp's candidacy has not been encouraging. Several Democratic legislators, including the state senate majority leader, have called for Shapp's resignation as governor, and public comments from members of the state Democratic congressional delegation have been noncommittal.

To this widespread skepticism, Shapp has responded: "That's the story of my life. People haven't taken me seriously." But if there is one personal trait that both Shapp's friends and critics acknowledge that he possesses, it is persistence.

Why he is running for President is a matter of speculation. Some political observers believe his candidacy is an attempt to become a political power at the national level, to gain either the vice presidential nomination or a cabinet spot in a Democratic administration. Shapp denies all this, claiming his only interest is in the presidency.

His bid for the White House, one Harrisburg reporter observed, is consistent with Shapp's background. For the past decade he has been interested in national issues, frequently going to Washington to attend conferences and to testify before congressional committees. His experience as governor has indicated to him that some problems at the state level can only be solved by federal action.

Shapp is offering a businesslike approach to the nation's economic problems as his chief qualification for the presidency. "I don't think others [Democratic can-



didates] have studied or understand the economy as deeply as I have," he said.

Shapp alluded to his low-key rhetorical style and lackluster appearance in his announcement speech: "The last thing the American people need is another smiling politician or spellbinding orator spewing political rhetoric." He hopes to portray himself as the skillful administrator, and his campaign manager, Norval D. Reece, although recognizing his candidate's limitations, feels he can be successful. "Shapp is creative, innovative and highly personable," said Reece. "He's the best one-on-one guy I've ever seen. He's more persuasive in a small group or one-on-one situation than in mass meetings."

But before he can go anywhere, Shapp must become better known. An October 1975 Gallup Poll ranked him 10th on a list of 14 possible Democratic candidates. But, because of the long list of Democratic candidates and the large number of undecided voters, he does not view his lack of recognition as insurmountable.

While Shapp is undertaking a national campaign, his efforts are focusing on a few key primary states where he hopes strong showings will ignite his campaign. He is planning to compete for delegates in Massachusetts on March 2, Florida on March 9, Illinois on March 16, the

New York and Wisconsin primaries on April 6 and the Pennsylvania primary three weeks later. Reece also indicated that Shapp is looking at the Oregon, California, New Jersey and Ohio primaries (the last three on June 8), but that the Pennsylvania primary April 27 is viewed as the "watershed."

Pennsylvania's 178 votes will make it the third-largest delegation at the 1976 convention. While Shapp may not win the unbinding popularity vote in his home state, many observers believe that he should win a plurality of the delegates on the basis of his strong statewide organization. An impressive showing in the Pennsylvania primary would at least allow Shapp to go to the convention as a favorite son.

But the heart of any effective campaign is money, and this is an enormous problem for Shapp. In his campaigns for governor, he was able to contribute millions from his personal fortune. But under the new federal campaign finance law, a candidate and his family can contribute a total of only \$50,000, a small fraction of the amount needed to run an effective presidential campaign. As of Sept. 30, 1975, the Shapp campaign had reported receiving a total of \$121,742. More than 80 per cent of the money came from Pennsylvania, including a \$15,000 contribution from his wife, Muriel.

Much of the money came from Jewish and black voters and liberal groups, which, along with labor and women's organizations, are expected to provide Shapp with his strongest support. Reece foresees his candidate as running as an "independent Democrat," pulling some liberal voters from Arizona Rep. Morris K. Udall, some labor support from Indiana Sen. Birch Bayh and some Jewish support from Washington Sen. Henry M. Jackson. Shapp is Jewish.

Business Career

Shapp was born in Cleveland, Ohio, in 1912, the son of Aaron Shapiro, a hardware wholesaler and traveling salesman. Shapp graduated from the Case Institute of Technology with a degree in electrical engineering. As a result of religious bigotry, in his mid-20s he legally changed his name from Shapiro to Shapp.

During World War II, Shapp served as an officer in the Army Signal Corps in Europe. After the war, he moved to the Philadelphia area, and, with his background in engineering, became an entrepreneur in the fledgling cable television industry. In 1948, he established the Jerrold Electronics Corporation (titled after his middle name) with

a \$500 investment. The company initially employed two workers, but it expanded quickly and became profitable.

In 1966, when Shapp made his first run for the governorship of Pennsylvania, he resigned as president and chairman of the board of Jerrold and sold his 25 per cent share. Jerrold then employed 2,100 workers in six plants in the Philadelphia area, and Shapp's share sold for nearly \$10-million.

In 1971, during his first year as governor, Shapp listed his personal worth at nearly \$4-million. At a press conference in October 1975, Shapp revealed that his net worth had been \$7.5-million in 1966 when he first ran for governor but had shrunk to \$2.8-million by 1975.

He first became involved in politics in 1960, when he was statewide chairman of business and professional men for Kennedy and Johnson. After President Kennedy's election, Shapp became a consultant to the U.S. Commerce Department, concerned primarily with setting up the area redevelopment program. He also served as a consultant to the Peace Corps.

1966 Campaign

Shapp showed an increasing interest in state government. In 1965, he undertook a detailed study of major state issues, publishing reports on the Pennsylvania economy, transportation and organization of the state government.

He made his first run for office the next year, when he sought the Democratic gubernatorial nomination. Although party leaders appreciated Shapp's financial support, they did not take his candidacy seriously. They ignored him and endorsed State Sen. Robert P. Casey.

Little-known statewide, Shapp made his campaign a fight against the party bosses. His slogan: "Man against the Machine."

Shapp's extensive media campaign dramatically increased his voter recognition, and his reform candidacy attracted support from liberals, minority groups and large segments of the state's powerful organized labor movement. He gained the endorsement of the Pennsylvania AFL-CIO Executive Council.

Nearly all of Shapp's campaign money came out of his own pocket, and he reported spending \$1.4-million. It was money well spent. In an upset, Shapp defeated Casey in the primary. He lost the November election to Republican Raymond P. Shafer, despite spending another \$2.4-million of his fortune.

1970 Election

Shapp remained highly visible after his defeat, testifying on several occasions at congressional hearings. He remained active in Pennsylvania politics, creating and becoming chairman of the Pennsylvania Democratic Study Group, an organization that analyzed and proposed solutions to state problems. But he remained an adversary of the state party establishment, attending the 1968 Democratic convention as an anti-war delegate.

In 1970, Shapp again ran for the Democratic gubernatorial nomination, with Casey as his primary opponent. In a rematch of their 1966 race, Casey received the formal endorsement of party leaders, while Shapp stressed his independence of the state party organization. Organized labor, which had been with Shapp four years earlier, was officially neutral in the 1970 primary. In spite of the

Shapp Staff, Advisers

Campaign manager: Norval D. Reece, former special assistant to the governor for intergovernmental relations; candidate for the Democratic senatorial nomination in 1970.

Cochairman: Henry A. Satterwhite of Bradford, Pa., board chairman of Allegheny Airlines.

Finance director: Bronson P. Clark Jr., of Vinal Haven, Maine, and Washington, D.C., former executive vice president of Gilford Instrument Laboratories Inc. of Oberlin, Ohio, and former executive secretary of the American Friends Service Committee.

Treasurer: G. Thomas Miller, a Harrisburg attorney and former judge of the state court of common pleas.

Governor's executive assistant: Richard A. Doran, a former assistant to Rep. William J. Green (D Pa.).

neutrality of the state labor leadership, many locals still supported Shapp.

Spending about \$1-million of his own fortune, Shapp again launched a media blitz in the final days of the primary. It helped produce another narrow victory over Casey.

He ran his general election campaign completely independent of the party organization. Shapp's election drive was assisted by the general unpopularity of the incumbent administration. The state's faltering economy and expanded budget had brought an increased sales tax, and the necessity of a state income tax loomed. With the help of another \$1-million of his own money, he won in a landslide over Republican Lt. Gov. Raymond J. Broderick.

It was a memorable victory. He became the first Jewish governor in Pennsylvania history. His margin of victory, more than 500,000 votes, was the largest ever achieved by any Democratic candidate for governor of Pennsylvania.

The Governorship

"Shapp was elected as an independent Democrat, and he's viewed with some suspicion by the legislature. He's not a club member. His interests are not the same as a majority of the legislature." So said Norval Reece in an interview with Congressional Quarterly. Shapp's presidential campaign has produced even cooler relations with the legislature. His critics in state government have complained that his frequent absences from Harrisburg have severely hampered the passage of his legislative requests.

Except for one term of the general assembly (1973-74), the Democrats have controlled both houses of the legislature during the Shapp administration. But the Democratic majorities have frequently been narrow, with the deciding votes cast by a group of conservative, rural Democrats. "He's a loner," said one statehouse reporter, "who runs the state government close to his vest."

Shapp's greatest problems have been with the state senate, which frequently has blocked confirmation of Shapp appointees. Only four hours after Shapp was sworn in as governor in 1971, the senate rejected his 10 choices for cabinet positions, in a protest over Shapp's failure to consult with them. Shapp's choices were subsequently confirmed, but the incident set the tone for the chilliness that has existed between the governor and the legislature.

Confirmations have not been the only source of friction between the governor and the legislature. Shapp has vetoed four major bills approved by the legislature in the past two years. In 1974, he vetoed bills banning pornography, limiting abortions and restoring the death penalty. In 1975, he vetoed an anti-busing bill. The abortion and death penalty bills were overridden by the legislature, and an attempt to override the anti-busing veto fell short by only three votes in the Senate.

The major achievement of the Shapp administration, mentioned by virtually all observers, has been restoration of fiscal stability in the state government. Pennsylvania was on the verge of bankruptcy when Shapp took office in 1971, with a state debt in excess of \$500-million.

By March of that year, the legislature had passed a \$1.5-billion revenue bill supported by Shapp; at the heart of the measure was the state's first income tax. Although Shapp pushed for a graduated tax, he had to settle for a flat-rate tax after the Pennsylvania Supreme Court declared the graduated tax was unconstitutional.

Shapp's Background

Profession: Electronics manufacturer.
Born: June 25, 1912, Cleveland, Ohio.
Home: Merion, Pa.
Religion: Jewish.
Education: Case Institute of Technology, B.S., 1933.
Offices: Governor of Pennsylvania since 1971.
Military: Army, 1942-46; discharged as captain.
Memberships: Jewish Community Relations Council, American Jewish Council, United World Federalists, National Council on Aging, Philadelphia Association for Retarded Children Inc., VFW, Jewish War Veterans, B'nai B'rith, American Legion.
Family: Wife, Muriel Matzkin; three children.

In conjunction with the revenue bill, Shapp commissioned 85 business and professional experts to undertake an independent management review of the state's fiscal policy. The result was cutbacks in state spending and a tax cut of \$360-million in 1974.

Although he dealt decisively with the economic chaos that engulfed the state government early in his administration, Shapp was faced with a budget deficit in 1975—a significant problem, because he promised in his 1974 re-election campaign that he would not raise taxes. While ruling out hikes in the income or sales taxes, the Shapp administration won increases in the auto registration fees, although failing to gain desired jumps in the cigarette and gasoline taxes.

Expanded programs for the elderly rank with economic reform as the greatest achievements claimed by the Shapp administration. All money raised in the state lottery goes into programs for the elderly. The state subsidizes free mass transportation for the aged, the first statewide program of its type in the nation. A tax break for elderly property owners is also provided by the state.

But one statehouse correspondent noted that Shapp has "almost no record at all in the passage of major bills. He has put in very little." Rather than initiating many administration bills, Shapp has tended to support bills that have been introduced by legislators. As a consequence, many of the most innovative aspects of his administration have been made by executive decree rather than by work with the legislature. Notable are a financial disclosure requirement for cabinet members, the establishment of a bank delivery system to curtail welfare fraud, and the use of independent management review commissions to analyze the efficiency of various parts of the state government.

Reece describes his candidate as one who "goes where the action is." This penchant for involvement brought Shapp his first national exposure in February 1974, when he mediated negotiations between independent truckers and the White House over fuel prices and allocation.

While Shapp has not made a further impact nationally, he has consolidated his political base in Pennsylvania. Although he was an anti-organization candidate in 1966 and 1970, through his use of patronage and deals with individual leaders, he now is the dominant figure in the state's diverse Democratic Party. One veteran reporter in Harrisburg described Shapp as a shrewd politician who "used the white knight image as long as he needed."

His political power was enhanced by a change in the state constitution in the late 1960s, allowing him to run for re-election in 1974—the first Pennsylvania governor in the 20th century permitted to do so. Shapp's re-election effort was aided by the decisions of leading Democratic adversaries, such as Philadelphia Mayor Frank Rizzo, not to run against him. With minimal opposition, Shapp easily won the primary. In the general election, he defeated Republican Andrew L. Lewis Jr. by a margin of 53.8 per cent to 45.2 per cent.

The Corruption Issue

In spite of its reform rhetoric, the Shapp administration has been labeled by some observers as the most corrupt in Pennsylvania history. By early October 1975, 23 state officials had been convicted since Shapp took office, and 29 others were under indictment. Among those convicted was Frank Hilton, Shapp's 1970 campaign manager and later the state secretary of property and supplies, and Democratic State Treasurer William Casper—both convicted of extortion. Among those under investigation for allegedly soliciting kickbacks were the Democratic state chairman, the secretary of revenue and officials in the Revenue Department, the Liquor Control Board and the State Bureau of Professional and Occupational Affairs.

While there were signs of corruption in various parts of the state government, Shapp himself was not implicated until August, when Michael Baker Jr., head of a large engineering firm that does business with the state, testified before a Pittsburgh grand jury. He said that twice during the 1970 campaign he personally had given Shapp \$10,000 in cash—money that did not show up in the financial records of the campaign. Shapp appeared voluntarily before the grand jury on Oct. 9 and, while he admitted receiving the money from Baker, he denied any wrongdoing.

Positions on Issues

Following is a summary of Shapp's positions on various issues:

Economy

"No other issues will really be solved unless we have a healthy economic base," Shapp declared in his presidential announcement speech. "Unless we stimulate the economy, you'll have a crisis in this country of such proportions that you'll have an unstable government."

Shapp's plan to revive the nation's economy involves revamping the federal budgetary system and establishing a national investment policy. "The United States doesn't have a true budget in the business sense," Shapp stated, "but a cash flow sheet." He advocates creation of a budget system that would separate government operating costs from long-term capital investment funds. The latter would be freed for investment in private sectors of the economy, according to Shapp, increasing jobs and stimulating about \$2.50 of private investment for each dollar invested by the government.

Energy

Shapp has opposed President Ford's fee on imported oil. In January 1975, he termed it a "blueprint for economic disaster" that would create "a shock wave of in-

flation through the country greater than the one we had when the Arabs lifted their embargo." He joined seven other northeastern governors, 10 utilities and Rep. Robert F. Drinan (D Mass.) in bringing suit against the Ford plan. On Aug. 11, the plaintiffs received a favorable verdict from the U.S. Court of Appeals in the District of Columbia, which ruled that Ford had exceeded his legal authority in imposing the \$2-a-barrel oil import fee. The White House appealed the decision to the Supreme Court.

Shapp has opposed increasing the gasoline tax as a method of fuel conservation, arguing that it is unnecessary and penalizes people who need to drive. But in September, Shapp indicated his support for an increased gasoline tax in Pennsylvania as a revenue-raising measure.

In remarks Sept. 11, Shapp attacked natural gas companies for claiming there was a gas shortage and urged Ford to conduct an investigation. Shapp contended that the American public would "be ripped off to the tune of \$36-billion" in 1975 by the natural gas companies.

Transportation

Shapp has advocated a national rail trust fund as a specific part of his national investment policy. Under this proposal, the nation's railroads would receive \$13-billion in federal money over a six-year period. The money would be spent for needed improvements such as track construction and repairs, electrification and new cars. Shapp estimates that this program would create about 120,000 new jobs in railroad construction and about twice as many in the steel industry. The federal government would apply a 4 per cent surcharge on rail shipping bills, paying off the entire \$13-billion in 20 to 25 years.

—By Rhodes Cook

Fannin to Retire

The Senate will lose one of its conservative backbenchers in 1977 with the retirement of Paul J. Fannin, two-term Republican from Arizona. Fannin, 68, said he "could not continue for a third term the pace of working more than 12 hours a day."

A member of the Finance Committee, Fannin went to the Senate in 1965 after six years as governor of Arizona. His voting record and speeches marked him from the beginning as one of a handful of conservative ideologues in the chamber.

It was organized labor that drew the loudest of Fannin's criticisms. The Arizona senator offered a steady stream of legislation and comments aimed at reducing what he saw as the excessive power of large unions.

Among the changes Fannin recommended are ones that would revoke the tax-exempt status of any union that uses membership dues for any political purpose, partisan or otherwise; make featherbedding illegal, extend back-to-work injunctions imposed during strikes under the Taft-Hartley Act; and create a new federal court to hear labor disputes.

Fannin was elected governor of Arizona in 1958, when most of the state government was still in Democratic hands. He was re-elected twice, then went on to the Senate in 1964 when Barry Goldwater retired to run for President.

Not So Many This Time:

RETIREMENT REPORT

While an unusually large number of representatives will be running for the Senate in 1976, a smaller number will be retiring voluntarily than in the last three congressional elections.

Only 16 House members have so far announced their intentions to leave at the end of the current Congress. Ten of these are running for the Senate and six are retiring. In 1974, 44 members chose to retire or run for other offices, compared to 35 in 1972 and 29 in 1970.

What is lacking in 1976 is the large corps of elderly members leaving to escape unfavorable redistricting or take advantage of sizeable pension benefits. None of the six House members retiring this time will be over 70 when his term ends.

In addition to the retirements, two House members will be leaving early in 1976. Rep. Bob Casey (D Texas), confirmed by the Senate in December as a member of the Federal Maritime Commission, will leave the House on Jan. 3. On Jan. 1, Rep. James F. Hastings (R N.Y.) will resign to return to private life as president of Associated Industries of New York, a lobbying group based in Albany.

By Christmas, six senators had announced they would retire at the end of the 94th Congress, including Republican leader Hugh Scott of Pennsylvania. A seventh retirement, that of Sen. Hiram L. Fong (R Hawaii), is regarded as virtually certain. Fong, 68, has not made a formal announcement but has said privately he does not plan to run.

Following is an up-to-date list of the announced departures from both chambers, and the reasons for them:

SENATE

Paul J. Fannin (R Ariz.)	Retiring at 68
Philip A. Hart (D Mich.)	Retiring at 63
Roman L. Hruska (R Neb.)	Retiring at 71
John O. Pastore (D R.I.)	Retiring at 68
Hugh Scott (R Pa.)	Retiring at 75
Stuart Symington (D Mo.)	Retiring at 74

HOUSE

Alphonzo Bell (R Calif.)	Running for Senate
Bob Casey (D Texas)	Resigning Jan. 3, 1976
Marvin L. Esch (R Mich.)	Running for Senate
Edwin D. Eshleman (R Pa.)	Retiring at 55
James F. Hastings (R N.Y.)	Resigning Jan. 1, 1976
H. John Heinz III (R Pa.)	Running for Senate
William L. Hungate (D Mo.)	Retiring at 53
John Jarman (R Okla.)	Retiring at 60
Phil M. Landrum (D Ga.)	Retiring at 66
John Y. McCollister (R Neb.)	Running for Senate
Patsy T. Mink (D Hawaii)	Running for Senate
Charles A. Mosher (R Ohio)	Retiring at 69
James G. O'Hara (D Mich.)	Running for Senate
Peter A. Peyser (R N.Y.)	Running for Senate
Donald W. Riegle Jr. (D Mich.)	Running for Senate
Paul S. Sarbanes (D Md.)	Running for Senate
Herman T. Schneebeli (R Pa.)	Retiring at 68
Alan Steelman (R Texas)	Running for Senate

Landrum Retires

Rep. Phil M. Landrum will leave the House after the 94th Congress, having served 24 years and having placed his name on a piece of legislation certain to be remembered long after he departs.

Landrum, now 68, was in his third term as a Georgia Democrat when he and then-Rep. Robert P. Griffin (R Mich.) drafted their bill to impose strict controls on labor elections and union finances. The Landrum-Griffin bill became law in 1959 as Congress chose it in preference to the competing version drafted by Sen. John F. Kennedy (D Mass.).



The measure, bitterly opposed by unions, gave Landrum an indelible conservative reputation and cost him

support he needed in 1963 to win the place he wanted on the House Ways and Means Committee. He finally made it to Ways and Means in 1965, only after defusing liberal opposition by managing key parts of President Johnson's anti-poverty legislation on the House floor.

In recent years, Landrum emerged as one of the most influential of the southern Democrats in the House, taking good care of his state and sometimes providing the more liberal Democratic leadership with help on key issues at unexpected times.

As a member of Ways and Means, Landrum made a great effort protecting the southern textile interests, serving as chairman of the informal "textile group" of members from textile producing states. He surprised many of his southern colleagues in 1971 by calling for an immediate end to U.S. participation in the Indochina war. He considered running for speaker against Carl Albert (Okla.) in 1973, but decided not to.

Court Approves:

ELECTION SUBSIDIES

The Federal Election Commission announced its first subsidy payments to presidential candidates Dec. 23, one day after the Supreme Court declined to issue an injunction sought against the payments on the grounds that the constitutionality of the law providing for such subsidies has not been determined.

On or after Jan. 1, the commission will be free to give \$492,030 to Sen. Lloyd Bentsen (D Texas), \$374,422 to President Ford and \$214,050 to former Gov. Terry Sanford (D N.C.). Eight other candidates will only be eligible for \$100,000 at first because final figures on their campaign receipts are not yet in.

The payments are authorized by the campaign law of 1974, whose constitutionality the Supreme Court is expected to rule on early in 1976.



HOUSE VOTES TO OPEN UP RICE PRODUCTION

The House Dec. 16, by a 311-104 vote, passed a bill (HR 8529) to remove limitations on the production of rice. The bill, unchanged from the version reported by the Agriculture Committee Nov. 3, would suspend for two years the marketing quota system for rice, establish a target price system for the 1976 and 1977 rice crops and authorize \$1-million for a rice research program. (Provisions, Weekly Report p. 2473)

A similar bill (HR 15263) was defeated by the House in the waning days of the 93rd Congress. (1974 Almanac p. 232)

The purpose of the bill, according to supporters, was to establish for rice the same market-oriented policy set up by the 1973 Agriculture Act (PL 93-86) for wheat, feed grains and cotton. (1973 Almanac p. 287)

Before passing HR 8529 the House defeated a substitute bill and a motion to recommit.

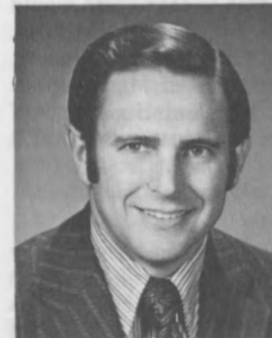
Floor Debate

During debate Dec. 10 and 16, House members repeated many of the arguments for and against the legislation that appeared in the Agriculture Committee report (H Rept 94-618). (Weekly Report p. 2483)

PRO: In addition to claims that continuing the existing rice policy would raise consumer prices and lower rice exports because of artificially high price support levels (making U.S. rice non-competitive in world markets), supporters charged that opponents of the legislation wanted to protect the monopoly on rice production enjoyed by traditional growers. "It has been a bonanza for allotment holders," said David R. Bowen (D Miss.), "and I do not blame them for trying to hold onto it."

Bowen denied opponents' claims that the existing program had cost the government nothing, citing \$314-million in export subsidies needed between 1959 and 1973 because the cost of rice was not competitive in the world market.

Bill Alexander (D Ark.) added that under the existing program, loan rates for 1976 would rise to \$9.35 per hundredweight, as compared to the \$6 per hundredweight proposed in the bill. This would result in a tremendous cost to the government, other opponents argued, since the



The existing rice program "has been a bonanza for allotment holders, and I do not blame them for trying to hold onto it."

—Rep. David R. Bowen
(D Miss.)

The bill "would provide for unnecessary payments from an insufficient federal treasury to unwilling recipients to produce more of a commodity already in surplus."

—Rep. Robert L. Leggett
(D Calif.)



government would either have to provide export subsidies to move the rice in foreign trade or store any excess at its own expense.

CON: Opponents of HR 8529 complained that the bill would begin giving federal subsidy payments to an agricultural industry that had survived for years without them.

Robert L. Leggett (D Calif.) said the bill "would provide for unnecessary payments from an insufficient federal treasury to unwilling recipients to produce more of a commodity already in surplus."

W. R. Poage (D Texas) also warned House members that changing the rice program would ultimately affect the tobacco and peanut programs, the other remaining agricultural commodities with production limitations. "...The very people who are going to vote today to destroy the rice program are going to find...that their peanut and their tobacco farmers are going to be destroyed in the same tidal wave..." he said.

Amendments

House members adopted the Agriculture Committee amendments en bloc Dec. 16. All other amendments were defeated, including a John B. Breaux (D La.) amendment in the nature of a substitute, which would have continued marketing quotas and acreage allotments, deleted the target price concept and lowered the loan level to 60 per cent of parity, from 65 per cent, or \$8 per hundredweight (whichever was higher).

Breaux defended his amendment as the "proper approach," adding, "Let us not make the drastic experiment of completely changing the program when we are getting more rice than we can possibly sell."

The Breaux amendment had been introduced earlier as HR 4741 and was rejected by the Agriculture Committee. Termed the "Houston plan", it had resulted from a series of meetings of U.S. rice producers held in Houston, Texas.

Opponents said Breaux's amendment would be only a "token revision" of the existing rice program, and "a great blow" to consumers and taxpayers. "It simply provides for a

continuation of the current program by which the entrenched producers of rice in this country have a locked-in monopoly on the production of rice," said Dawson Mathis (D Ga.).

The Breaux substitute was solidly defeated, 97-310. (Vote 586, *Weekly Report* p. 2822)

Frederick Richmond (D N.Y.) offered an amendment to limit the amount of deficiency payments (payments received if the price of rice falls below the target price) to \$20,000 instead of the \$55,000 provided in the bill. Richmond argued that it was unfair to treat rice producers more favorably than producers of other commodities, such as wheat and corn, who received only \$20,000. He said \$20,000 would amply cover rice production costs and the larger payment would aid only large corporate rice growers, not small farmers.

Richmond's amendment was opposed by members who argued that the other major commodity programs began with a \$55,000 limitation, which was later reduced to \$20,000, and rice producers should be accorded the same privilege. They cited the high production costs of rice as an additional reason—\$331 per acre, as compared to \$127 for wheat and \$183 for corn.

Paul Findley (R Ill.) told House members he became convinced in subcommittee that "if we did not [decrease payment limitations] by stages...this legislation would not be enacted. If that happened," Findley continued, "the great principle of freedom of planting would be lost, perhaps for years."

The amendment was rejected by voice vote.

The House also rejected by voice vote an amendment by W. Henson Moore (R La.) to allow new growers, as well as traditional ones, to be included in any set-aside program imposed by the secretary of agriculture, thereby receiving set-aside payments.

James P. Johnson (R Colo.) charged that under this amendment, "people in Colorado, who cannot grow rice because of the climate, will be paid not to grow rice." Johnson added, "This is the kind of amendment which is mischievous and does not really offer anything to the whole program, because...the set-aside program only applies to allotment holders and those who participate in the program and have an incentive to participate in the program."

Recommittal Motion

The House by a 102-311 vote defeated a motion by Moore to recommit HR 8529 to the Agriculture Committee, and then passed the bill 311-104. (Votes 587, 588, *Weekly Report* p. 2822)

—By Mary Link



The Breaux amendment "simply provides for a continuation of the current program by which the entrenched producers of rice...have a locked-in monopoly on the production of rice."

—Rep. Dawson Mathis

Final Action:

MILK PRICE SUPPORTS

Congress Dec. 18 cleared S J Res 121, requiring quarterly adjustments of the support price for milk and an increase in the support price to a minimum of 85 per cent of parity. But it delayed sending the bill to the President because of a veto threat.

Two previous congressional attempts in the last year to provide for quarterly adjustments of the support price were vetoed by President Ford. (*Background, Weekly Report* p. 2612)

The Senate passed its version of S J Res 121, calling only for quarterly adjustments, on Sept. 29 by voice vote. The House passed the bill Nov. 18, changing the termination date of the bill to March 31, 1978, and increasing the price support of milk to 85 per cent of parity.

Senate conferees agreed to the House changes and the conference report (H Rept 94-723) was filed Dec. 12, paving the way for final action.

Provisions

As cleared by Congress, S J Res 121 would:

- Require the secretary of agriculture until March 31, 1978, to adjust the support price of milk at the beginning of each quarter, to reflect any change during the preceding quarter in the index of prices paid by farmers for production items, interest, taxes and wage rates. Under existing law, support price changes were keyed to a broader index of family living.

- Require the secretary to announce the new support prices no later than 30 days before the beginning of each quarter.

- Increase the support price of milk to 85 per cent of parity.

Final Action

House

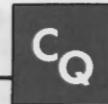
The House adopted the conference report on S J Res 121 Dec. 17 by an overwhelming 307-111 vote. (Vote 595, *Weekly Report* p. 2824)

Supporters of the bill reiterated earlier arguments that U.S. dairy farmers needed the legislation to save them from the current cost-price squeeze, help them plan and organize their production and keep them from going bankrupt. Supporters denied that the bill would raise milk prices to consumers or result in large increases in support payments.

Paul Findley (R Ill.) opposed the bill, citing government estimates that the two-year cost to taxpayers would be \$530-million in support payments and the increased cost to consumers would be \$1.4-billion in higher milk prices. Findley told House members that Office of Management and Budget Director James T. Lynn and Secretary of Agriculture Earl L. Butz had promised to recommend a veto to President Ford should the bill pass.

Senate

The Senate adopted the conference report Dec. 18 by voice vote with little debate. The bill was then held at the desk until Congress reconvenes Jan. 19, in order to avoid a Ford pocket veto.



Senate Passage:

FOREIGN MISSIONS PROTECTION

The Senate Dec. 18 cleared for President Ford's signature a bill to authorize federal aid in certain cases to cities having 20 or more foreign diplomatic missions.

The bill (HR 11184) was a slightly altered version of a similar measure (HR 12) that Ford had vetoed Nov. 29 on the grounds that it would involve the federal government too heavily in local law enforcement. (*Weekly Report* p. 2667, 2661)

James T. Lynn, director of the Office of Management and Budget (OMB), declared in a letter to Sen. James L. Buckley (Cons-R N.Y.) that the compromise was acceptable to the administration. But the new version contained no direct reference to the problem of federal-state relations that Ford had raised in his veto message.

Under the compromise, the bill made it more explicit that federal aid would be limited to cases involving official diplomatic business at permanent missions such as the United Nations, rather than applying to unofficial visits of foreign diplomats. It also required Congress to appropriate the aid funds, instead of allowing the money to be disbursed immediately upon approval by the Treasury secretary of a city's request.

"Ford's comments in the veto message didn't necessarily jibe with OMB's position," said an amused congressional staff member. "I guess when you veto legislation, you want to put it in the highest philosophical terms possible."

The compromise version was worked out between OMB and two New York legislators described by sources as the "prime movers" of the bill—Buckley and Rep. Bella S. Abzug (D). The bill would primarily benefit New York City, the site of the United Nations.

According to congressional staff sources, the White House apparently misunderstood the weight of Buckley's support when Ford decided to veto the bill.

Buckley acknowledged that the "Abzug-Buckley approach may seem unusual to some." But he praised Abzug's efforts to clear the bill. Buckley, one of the most conservative members of Congress, and Abzug, one of the most liberal, usually find themselves on opposite sides of issues.

Provisions

As cleared, HR 11184 would:

- Allow the Treasury secretary to provide Executive Protection Service details to metropolitan areas outside of Washington where there were 20 or more diplomatic missions. These areas included New York, Chicago, Los Angeles, Houston, New Orleans, San Francisco and Miami. The service is the uniformed Secret Service force that provides protection for the White House and diplomatic missions in Washington.

- Provide protection only at the request of the local government or in the event of "extraordinary protective

need," such as special U.N. events or "international incidents" requiring extra security measures.

- Authorize up to \$3.5-million in any fiscal year in federal reimbursement to local and state governments if they chose to provide the protection themselves. The exact amount would be set in an appropriations bill.

- Make the measure retroactive to July 1, 1974, thus allowing reimbursement of about \$750,000 to New York City for the visit of Palestinian leader Yasir Arafat in the fall of 1974.

- Increase the authorized Executive Protective Service force from 850 officers to 1,200.

HR 11184 did not include provisions in the original versions of HR 12 for adding 10 high-level positions to the Secret Service and creating statutory authority for the director and deputy director of the Secret Service.

Floor Action

The House Dec. 17 adopted the measure by voice vote after a brief explanation of the changes from HR 12 by Teno Roncalio (D Wyo.), chairman of the House Public Works Subcommittee on Public Buildings and Grounds.

The Senate Public Works Committee Dec. 17 reported the language of HR 11184 in an identical bill (S 2796—S Rept 94-573) introduced by Buckley.

The Senate cleared the bill by voice vote Dec. 18. Buckley declared that HR 11184 "narrows the focus" of the original HR 12. He said OMB Director Lynn had assured him that Ford would include in his forthcoming fiscal 1977 budget proposal a request for a \$2-million appropriation to finance reimbursements.

—By Donald Smith

Final Action:

WOMEN'S CONFERENCE

Congress Dec. 11 cleared for the White House a bill (HR 9924) authorizing \$5-million for the organization and convening of a National Women's Conference in 1976, to be set up by the National Commission on the Observance of International Women's Year, 1975.

Final action came when the Senate by voice vote approved the bill which the House had passed Dec. 10, 252-162. (Vote 568, *Weekly Report* p. 2754)

Provisions

As sent to the White House, HR 9924:

- Extended the life of the National Commission on the Observance of International Women's Year and directed it to organize and convene a national women's conference in 1976, preceded by state or regional conferences.

- Directed the conference to assess the progress to date in the private and public sectors in promoting equality between men and women in all aspects of life; identify the barriers which prevent women from participating fully in national life and recommend means for their removal as well as a timetable for achievement of such progress.

- Directed the conference to set up a committee as a mechanism for calling a second national women's conference.

- Required the conference to report to the President and Congress within 120 days after the end of the conference; and provided for the termination of the commission 30 days later, in no case later than March 31, 1978.

- Authorized \$5-million in funds for the conference; specified that none of the funds should be used for lobbying.

Background

HR 9924 became controversial when it was first brought to the House floor in October. It was criticized as a vehicle for federal funding of lobbying activities in favor of the Equal Rights Amendment. That amendment, approved by Congress in 1972, has been ratified by 34 of the 38 states necessary to add it to the Constitution as the 27th Amendment. (1972 Almanac p. 199)

Proposed by Bella S. Abzug (D N.Y.), HR 9924 was reported unanimously by the House Government Operations Committee (H Rept 94-562), but a move to suspend the rules and pass the bill Oct. 20 fell short of the two-thirds vote required. (Vote 457, Weekly Report p. 2284; story, Weekly Report p. 2401, 2267)

House Passage

When HR 9924 was brought up Dec. 10, its opponents, led by Sam Steiger (R Ariz.) and Robert E. Bauman (R Md.), attempted to delay it further, charging that women members supporting the bill had incorrectly represented the Republican National Committee among its backers. Millicent Fenwick (R N.J.) responded that the national committee chairman was in favor of the conference.

The rule under which the bill was considered was adopted, 369-31. (Vote 566, Weekly Report p. 2750)

During debate on HR 9924, opponents attempted to cut back severely on its provisions. In each case such efforts were countered by compromise amendments offered by supporters of the bill and adopted by the House. Amendments adopted included those which:

- Specified that no funds authorized by HR 9924 could be used for lobbying activities. Proposed by Elliott H. Levitas (D Ga.), this amendment was adopted by voice vote.

- Reduced the authorization to \$5-million from \$10-million. Proposed by Patsy T. Mink (D Hawaii) as a substitute for a Steiger amendment cutting funds to \$1-million, this amendment was adopted by a 28-16 standing vote.

The bill was then passed, 252-162.

Senate Action

The Senate Dec. 11 approved HR 9924 without debate by voice vote, clearing the measure for the White House. ■

Action Deferred:

HATCH ACT REVISION

The Senate deferred action until 1976 on a House-passed bill (HR 8617) that would give the nation's 2.8 million federal employees new political rights.

Although President Ford was reported ready to veto the version of the bill approved by the House Oct. 21, the Senate Post Office and Civil Service Committee reported a

nearly identical measure Dec. 5. (House passage, Weekly Report p. 2270; veto outlook, Weekly Report p. 2470)

HR 8617 would give federal employees the right to participate in partisan election campaigns and to run for office, while strengthening laws prohibiting abuse of authority and coercion of federal employees into non-voluntary political activity of any kind.

Partisan political activity by federal employees had been prohibited since 1939 when Congress passed the Hatch Act. (Background, Weekly Report p. 1100)

Senate Committee Action

The Post Office and Civil Service Committee Nov. 19 ordered HR 8617 reported by a vote of 7-2. Voting for the bill were: Chairman Gale W. McGee (D Wyo.), Jennings Randolph (D W.Va.), Quentin N. Burdick (D N.D.), Frank E. Moss (D Utah), Ernest F. Hollings (D S.C.), Patrick J. Leahy (D Vt.) and Ted Stevens (R Alaska). Voting against were: Hiram L. Fong (R Hawaii) and Henry Bellmon (R Okla.).

In its report (S Rept 94-512), filed Dec. 5, the committee said it did not see "the continuance of a merit system in public employment as being dependent upon maintenance of the severe restrictions on employees' First Amendment rights that now exist."

The committee agreed to one substantive amendment to the House-passed bill. The amendment provided that nothing in the bill would authorize any employee to use information available to him because of his employment for any purpose prohibited by law.

Minority Views

In minority views, Fong and Bellmon said HR 8617 would "open up the entire federal government to partisan politics by federal employees and concentrate excessive political power in the hands of their leaders.

"It would cripple and emasculate the Hatch Act—the cornerstone of the merit system—which has served this nation so well in banning partisan politics from the merit system and in shielding Civil Service workers from the pressures and threats of politicians." ■

Final Action:

OVERSEAS VOTING RIGHTS

Congress Dec. 18 cleared for the President a bill (S 95) to assure American citizens who live outside of the United States the right to vote in federal elections.

Final action came when the Senate by voice vote accepted House changes in the bill. S 95 originally was passed by the Senate May 15. It was passed by the House Dec. 10 with amendments. (House action, Weekly Report p. 2777)

Under S 95, no U.S. citizen could be denied the right to vote in a state even if he did not maintain a residence there and did not intend to return there. These persons would have to file an application to vote no later than 30 days before an election.

The bill included an anti-voting fraud provision that provided for a \$5,000 fine and a five-year prison term for providing false information. ■



SENATE TO ACT ON 200-MILE FISHING LIMIT

The Senate laid the groundwork in the closing hours of the first session for action in 1976 on a controversial bill (S 961) that would extend U.S. fishing limits to 200 miles, from the present 12.

After preliminary debate on the final day of the session Dec. 19, the bill was made the Senate's pending order of business on its return Jan. 19.

Background on Controversy

S 961 would extend the U.S. fishing limit, effective Sept. 30, 1976, to protect the American fishing industry which, the bill's backers said, had been hard hit in recent years by massive foreign fishing off U.S. shores. Foreign fishing would be strictly regulated in the new U.S. zone, with American ships having first option on available fish stocks. In addition to widening the fishing zone, the bill would establish a federal fishery management program to protect and conserve U.S. fish stocks.

A similar bill had easily passed the Senate in 1974 by a 68-27 vote. It died at the end of the session when the House took no action. (1974 Almanac p. 563)

But the Senate vote in 1976 was expected to be much closer. The House Oct. 9 passed a companion bill (HR 200) by a lopsided margin of 208-101. (House action, Weekly Report p. 2153)

The bills were opposed by the Ford administration, which argued that any action on fishery zones should be by international agreement, rather than a unilateral decision by the United States. They also were opposed by segments of the fishing industry, including tuna and shrimp interests who fish far off U.S. waters and feared that an extension of the U.S. boundaries would provoke retaliatory action by foreign countries.

The expansion was pushed primarily by members representing coastal interests. Principal sponsors of the bills were Rep. Gerry E. Studds (D Mass.) and Sen. Warren G. Magnuson (D Wash.). But even among representatives of coastal states there was not always a consensus. The two Alaska senators, for example, took opposite sides on the issue, with Republican Ted Stevens supporting it and Democrat Mike Gravel opposing it. A further indication of the controversy was the referral of S 961 to three committees and the closeness of their votes on it. After the Senate Commerce Committee reported S 961 Oct. 7, it was referred to the Foreign Relations Committee and the Armed Services Committee. (Commerce committee action, Weekly Report p. 2241)

PRO: Armed Services

The Armed Services Committee filed its report (S Rept 94-415) Dec. 8, after approving the bill 9-7. It had approved the 1974 version by a two-vote margin as well. In approving it, the committee adopted an amendment offered by Robert Taft Jr. (R Ohio) to delay the effective date of the bill until Jan. 1, 1977. Voting to report the bill favorably were Democrats Symington (Mo.), Jackson (Wash.), Cannon

(Nev.), McIntyre (N.H.), Nunn (Ga.), Leahy (Vt.) and Byrd (Ind Va.), and Republicans Scott (Va.) and Taft (Ohio). Opposing it were Democrats Stennis (Miss.), Culver (Iowa) and Hart (Colo.), and Republicans Thurmond (S.C.), Tower (Texas), Goldwater (Ariz.) and Bartlett (Okla.).

The committee in its report argued that the United States faced serious coastal fishing problems, making a comprehensive conservation program "sorely needed"; that the bill related strictly to fishery jurisdiction and did not affect other ocean interests; that it did not violate international law and that it would not affect negotiations at the United Nations Law of the Sea Conference. It concluded that the bill was needed to protect vital U.S. fisheries interests and that national defense and security considerations did not lessen the bill's "urgent desirability."

Taft filed supplemental views deploring "misleading information" that U.S. representatives had given to the international community about the impact of the bill.

In minority views, Stennis, Thurmond, Tower and Bartlett explained their opposition to S 961. They acknowledged that U.S. coastal fishing problems deserved "vigorous attention" but called unilateral action by Congress contrary to both international law and the ongoing negotiations.

CON: Foreign Relations

The Foreign Relations Committee filed its adverse report (S Rept 94-459) on the bill Nov. 18. It voted 7-6 to report the bill adversely. Opposing the bill were Democrats McGee (Wyo.), Humphrey (Minn.) and Clark (Iowa), and Republicans Javits (N.Y.), Scott (Pa.), Percy (Ill.) and Griffin (Mich.). Democrats Mansfield (Mont.), Symington (Mo.), Pell (R.I.), McGovern (S.D.) and Biden (Del.), and Republican Pearson (Kan.) voted not to report the bill adversely.

In opposing the bill, the committee set out the arguments that Ford administration witnesses made during its hearings and concluded that a multilateral ocean treaty offered the best protection and most effective long-term solution for U.S. fishing interests.

The committee said it believed that passage of S 961 would be "inconsistent with the spirit" of existing U.S. legal obligations, particularly the 1958 Convention on the High Seas, which specifically mentioned fishing as an element of high seas freedom. It also was concerned that the bill might undermine the U.N. conference and cast doubt on U.S. credibility abroad on other sea and fishing issues. Disagreeing with the bill's supporters, the committee said that "should the [U.N.] conference fail, there will be more than enough time to take unilateral action to protect our coastal resources."

Griffin and McGee added their strongly held view that it was "absolutely essential" that a solution be reached through international agreement rather than unilateral action, which they contended contained a number of dangers, including the threat of having to use military force. ■

—By Judy Gardner

605. HR 9771. Airport and Airway Development. Passage of the bill to authorize \$4.76-billion for airport development and other aviation activities for the five-year period, fiscal 1976-80. Passed 368-16: R 127-7; D 241-9 (ND 166-7; SD 75-2), Dec. 18, 1975. (Story, p. 2899)

606. HR 10824. Medicare Amendments. Rostenkowski (D Ill.) motion to suspend the rules and adopt the resolution (H Res 943) providing that the House concur, with further amendments, to the Senate amendments to the bill to make changes in the Medicare program for the aged and to modify medical peer review requirements under the Medicare program and Medicaid program for the poor (thus clearing the bill for the President). Motion agreed to 371-16: R 116-13; D 255-3 (ND 175-1; SD 80-2), Dec. 19, 1975. A two-thirds majority vote (258 in this case) is required for adoption under suspension of the rules. (Story, p. 2877)

607. HR 10727. Social Security Appeals. Burke (D Mass.) motion to suspend the rules and adopt the resolution (H Res 944) providing that the House concur, with further amendments, to the Senate amendments to the bill to reduce the backlog of cases appealing the denial of Social Security and other benefits, and to make other minor changes in Social Security laws (thus clearing the bill for the President). Motion agreed to 390-0: R 132-0; D 258-0 (ND 178-0; SD 80-0), Dec. 19, 1975. A two-thirds majority vote (260 in this case) is required for adoption under suspension of the rules. (Story, p. 2878)

608. HR 8069. Labor-HEW Appropriations, Fiscal 1976. Flood (D Pa.) motion to postpone until Jan. 27, 1976, an override attempt of President Ford's veto of the bill appropriating \$45-billion for the Departments of Labor and Health, Education and Welfare and related agencies for fiscal 1976 and the July-September 1976 transition period. Motion agreed to 319-71: R 73-60; D 246-11 (ND 171-4; SD 75-7), Dec. 19, 1975.

609. H Res 939. House Reports. Adoption of the resolution providing for consideration of reports from the Rules Committee on the same day as reported and providing for adoption of such resolutions by a simple majority rather than a two-thirds majority vote for the remainder of the first session of the 94th Congress. Adopted 247-142: R 1-132; D 246-10 (ND 173-1; SD 73-9), Dec. 19, 1975.

610. H Res 945. Three-Day Recesses. Adoption of the resolution providing for meetings of the House on Tuesdays and Fridays during the remainder of the first session of the 94th Congress. Adopted 255-139: R 0-133; D 255-6 (ND 175-4; SD 80-2), Dec. 19, 1975.

611. HR 9968. Tax Reduction Extension. Ullman (D Ore.) motion to suspend the rules and concur in the Senate amendment with an amendment pledging Congress to attempt to cut fiscal 1977 spending to equal any further extension of 1975 tax cuts beyond the Jan. 1 to June 30 extension provided by HR 9968. Motion agreed to 372-10: R 125-7; D 247-3 (ND 171-2; SD 76-1), Dec. 19, 1975. (A two-thirds majority vote (255 in this case) is required for passage under suspension of the rules. (Story, p. 2871))

612. S 2718. Railroad Reorganization. Adoption of the conference report on the bill to authorize \$6.5-billion in financial assistance to the nation's railroads and to lessen federal regulation of the railroad industry by the Interstate Commerce Commission. Adopted 205-150: R 38-89; D 167-61 (ND 136-20; SD 31-41), Dec. 19, 1975. A "nay" was a vote supporting the President's position.

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Democrats Republicans

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Democrats Republicans

The Ways and Means amendment would have continued the existing trust fund, without new authority for terminal development.

To that amendment Public Works Aviation Subcommittee Chairman Glenn M. Anderson (D Calif.) proposed his own amendment that would open the trust fund for terminal development. Safety still would receive priority under the bill, Anderson pointed out, since it would require that an airport be certified safe before it could receive money for terminal development. Noting that the Public Works proposal had the support of the Air Line Pilots Association, whose first concern should be safety, Anderson argued that better airports would promote safety by relieving congestion and accident-causing delays.

Public Works Committee members expressed resentment that the Ways and Means Committee had taken it upon itself, without hearings, to change HR 9771. "I am wondering," Public Works member Barry M. Goldwater Jr. (R Calif.) said, "what brought about this knowledgeable position on the part of the Ways and Means Committee that would justify the overriding of hours and days of testimony and effort put in by this committee?" The Anderson amendment to the Ways and Means amendment was adopted 246-138, with Henry B. Gonzalez (D Texas) voting "present." (Vote 603, Weekly Report p. 2830)

Other Amendments

Elimination of the \$72-million for airport-mass transit demonstration projects came after adoption by voice vote of an earlier amendment rejecting the earmarking of those funds for such a project at California's Oakland International Airport. The earlier amendment, offered by William H. Harsha (R Ohio), instead would authorize the transportation secretary to choose a demonstration site, thus, Harsha said, ensuring that the money would be used for the most feasible demonstration project.

But after the Harsha amendment was passed, Robert W. Edgar (D Pa.) offered an amendment to strike the authorization altogether, saying it duplicated existing authority under the Urban Mass Transportation Act of 1964 (PL 88-365). The House agreed, accepting the amendment by voice vote.

The House adopted by voice vote a noncontroversial amendment by Ronald V. Dellums (D Calif.) clarifying that minorities are entitled to participate in programs funded by the bill.

—By Ted Vaden

House Passage:

FEDERAL HIGHWAY PROGRAM

Approving spending levels that Republicans said would subject the bill to a presidential veto, the House Dec. 18 by a vote of 410-7 passed legislation (HR 8235) authorizing \$10.94-billion for federal-aid highway programs in fiscal 1977-78 and extending the Highway Trust Fund for two years, through fiscal 1979.

The bill also increased the authorization for the Interstate Highway System to a level of \$4-billion a year and extended the authorization through fiscal 1988. Interstate construction through fiscal 1978 had been authorized by the 1973 highway act (PL 93-87) at a level of \$3.25-billion a year. HR 8235 differed considerably from the highway-aid

bill (S 2711) passed Dec. 12 by the Senate, which had not considered interstate authorizations.

Passage of the two-year extensions of the highway program and the trust fund meant further postponement of a decision on the future of the fund. Opened in 1973 to limited funding for mass transit, the 20-year-old trust fund increasingly had become the target of critics who wanted to see it ended or adapted to a comprehensive national transportation policy. Acknowledging those concerns, the bill's sponsors promised to hold hearings in 1976 on the trust fund proposals, including one by the Ford administration.

Highlights

The emphasis of HR 8235 was on the interstate system, which sponsors said could be completed by 1988 at the new funding levels. The increased levels, they said, ultimately would be economical since they would expedite completion of the system and save it the costs of delay, uncertainty and inflation.

Republicans were turned back in a floor attempt to reduce the funding levels.

The bill also featured new flexibility for urban areas that reject an interstate segment and transfer the funds to alternative transportation modes. Supporters said it would promote more efficient urban transportation planning; critics charged that the provision was a "pork-barrel" ploy specifically tailored to the needs of financially desperate New York City.

The House rejected efforts to roll back new interstate highway truck weights that had been approved in an interim 1974 highway bill (PL 93-643).

Notable for its absence from the House bill was a proposal to consolidate some of the existing 38 categorical highway programs. Such a provision, pushed by the administration, urban liberals and state and local governments, had been a prominent feature of the Senate bill. (Senate action, Weekly Report p. 2785)

The only reduction in the funding level approved by the Public Works and Transportation Committee was the elimination of \$67.5-million for incentives for states to enact seat belt laws. As passed by the House, HR 8235 would authorize \$4.86-billion a year for federal highway programs in fiscal 1977 and 1978 and \$1.23-billion for the budget transition period, July-September 1976. In addition, the bill would authorize for interstate construction \$4-billion annually through fiscal 1987, \$1-billion for the transition period and \$840-million for fiscal 1988.

The House and Senate versions now go to conference, which sponsors had indicated would be lengthy.

Committee Action

Approving new long-range funding to expedite completion of the Interstate Highway System, the House Public Works and Transportation Committee Dec. 11 reported a bill (HR 8235) to extend for two years, through fiscal 1978, the federal-aid highway program and the Highway Trust Fund.

The bill was reported on a 16-2 vote by a bitterly split committee. Although they voted for the report, six committee Democrats filed strongly worded additional views criticizing the committee's refusal to provide more flexible funding for urban highways and to combine the "myriad" existing highway categories into more pliable programs. At the same time, committee Republicans attacked what they

said were the excessively high spending levels of the bill and undue concern for urban mass transit alternatives.

Emphasis in the bill was on completion of the interstate system, which was first authorized in 1954 with a completion target of 1972. Although the current authorization for interstate construction was not due to expire until the end of fiscal 1979, the committee boosted that authorization level and added new funds for interstate construction through fiscal 1988. And for the first time, an inflation escalator was included in the funding levels to account for rising construction costs.

Relaxing a provision of the 1973 highway bill (PL 93-87) that allowed urban areas to use their interstate money from the Highway Trust Fund for mass transit, HR 8235 would permit those funds to be used for other urban highways as well.

Noting increasing pressure to end or reduce the Highway Trust Fund in favor of other transportation modes, the committee said the two-year extension under HR 8235 would "permit flexibility" for Congress in deciding future transportation policy. Since the trust fund is fed from highway-user taxes, Title III of the bill extending the trust fund was considered and approved, 27-7, by the tax-writing Ways and Means Committee.

HR 8235 would authorize \$8.86-billion for fiscal 1977, \$8.86-billion for fiscal 1978 and \$2.22-billion for the budget transition period, July-September 1976. The figures include \$4-billion for each of the fiscal years and \$1-billion for the transition period for new interstate authorizations. The committee in addition authorized \$4-billion annually for interstate construction through fiscal 1988.

Provisions

As reported by the committee, HR 8235 (H Rept 94-716) contained the following major provisions:

Noninterstate Highways. Unlike the Senate bill, HR 8235 would retain the existing major highway categories—rural primary, rural secondary, urban and primary extensions of urban—with total funding levels about equal for urban and rural. Existing law permitted a state to transfer up to 40 per cent of its funds between rural primary and rural secondary or between urban and urban primary extensions.

To increase flexibility in the use of funds, the committee said, the bill would permit similar transfers among rural primary, urban primary extensions and priority primary systems.

For priority primary routes, the bill would authorize \$300-million annually, with \$50-million of that each year to be held in a discretionary fund by the transportation secretary for unusually expensive, long-term projects. For primary extensions in urban areas, the bill would guarantee each state a minimum 0.5 per cent of the total annual apportionment.

Definitions. The committee amended the definition of the word "construction" to include "resurfacing." The change would make clear that federal funds could be used to "assure adequate structural support" for existing roads, the committee said, but responsibility for normal maintenance of roads would remain with the state.

The committee specified that the definition of urban area would not apply to New Hampshire since the unique political subdivision of that state had in the past disqualified it for rural funds.

Interstate Highways. Extending authorization for interstate construction through fiscal 1988, the committee authorized a total of \$36.09-billion from the trust fund for completion of the system. The bill would increase to \$4-billion annually the previously authorized levels of \$3.25-billion annually for fiscal 1977 and 1978. To keep levels for those two years under the congressional budget ceilings, \$750-million would be set aside each year for discretionary use by the transportation secretary for completion of interstate gaps and for unusually expensive, long-term projects.

The bill would retain an existing provision that allowed states that had completed their interstate construction to receive a minimum of 0.5 per cent of the total annual interstate apportionment. But in a departure from earlier authorizations, the committee stipulated that the minimum apportionment could not exceed the total cost to complete construction in any state. The effect would be to cut off excess funds that in the past had been used by states for other highway needs. Retention of that provision, the committee said, "would unduly inflate the already considerable cost to complete the interstate system."

Another change in the existing law was the inclusion of "a built-in inflation factor" of 7 per cent to account for rising construction costs in the future. Computing past inflation rates in the construction industry, the committee projected the rate into the future and included the estimated increased costs in the total authorization for each year.

Transferability. Enlarging upon existing law that permitted shifting of up to 40 per cent of funds for between the two rural categories (rural primary and rural secondary) and between the urban categories (urban extension and urban) HR 8235 would also allow transfer of up to 40 per cent of funds between the following categories: 1) rural primary and primary extensions in urban areas, 2) rural primary and priority primary (rural or urban), and 3) urban extensions and priority primary.

To prevent any one category from being used simply as a funnel for funds to other categories, the bill would stipulate that 1) no category could be increased or reduced by more than 40 per cent in a year, and 2) no category could be both increased and reduced in a year.

Interstate Transfer. The bill contained a controversial provision, added as an amendment in full committee markup by Bella S. Abzug (D N.Y.), that was intended to further benefit urban areas which rejected completion of an interstate segment in favor of a highway or mass transit. It would:

- Enable an area to use funds transferred from an interstate account for another highway as well as for mass transit.
- Instead of reducing a state's interstate allotment in a year by the cost of a segment rejected by an area, reduce it by the proportion of the cost of the withdrawn segment to the total cost of the state system—thus minimizing the impact of a withdrawal upon the state system.
- Allow areas to compute the cost of a transferred segment based on the most recent cost estimate, rather than upon a pre-1972 estimate, as in existing law.
- Clarify that states would not have to repay federal funds previously spent on a withdrawn interstate system.
- Clarify that a state's account under the Urban Mass Transportation Act shall not be reduced by the amount transferred from interstate to mass transit.
- Make the amended transfer provisions retroactive for those states that had already implemented transfers.

Certification Procedures. Declaring an intent to "simplify highway procedures," the committee would relax requirements for states to participate in noninterstate programs. A requirement in existing law that states establish program requirements equivalent to federal standards, the committee said, had been mistakenly interpreted by some states to require state laws identical to the federal law. HR 8234 would require only that states have the ability to accomplish the policies and objectives of federal law.

Another change would eliminate requirements for federal approval of detailed steps of a secondary road project. Such approval requirements would be retained for projects on the primary, urban and urban extension systems.

Highway Safety. The committee expressed concern that many states had chosen to carry out highway safety programs under the Highway Safety Act of 1973 through state agencies other than state highway departments. "This has raised problems in coordinating implementation of the highway-related safety standards...with the state's highway safety construction program," the report said. It stressed that provisions of the 1973 law should not preclude state highway departments from administering highway-related safety standards.

To assure a balanced safety program, the committee declared its intention that safety funds authorized separately for the Federal Highway Administration and the National Highway Traffic Safety Administration should likewise be apportioned separately to the states.

In contrast to the Senate bill, which provided no funding for the incentive grant programs under the 1973 law, HR 8235 would authorize additional incentive grants to states that had reduced the number of traffic fatalities in a calendar year.

Other safety provisions would:

- Prohibit the transportation secretary from requiring states to pass laws requiring motorcyclists 18 years of age or older to wear safety helmets.
- Eliminate the penalty for failure of states to implement federal highway safety programs.
- Give the transportation secretary broad discretionary authority for approval of state safety programs.
- Direct the transportation secretary, with the states, to conduct an evaluation of "the adequacy and appropriateness of all existing highway safety standards" and submit a report to Congress by Dec. 31, 1976. Until then, no state could be denied funds for failure to implement a federal highway safety program.

Highway Trust Fund. Title III of the bill would extend the Highway Trust Fund, due to expire Sept. 30, 1977, for two more years. Likewise, highway-user excise tax rates, which support the fund and were scheduled to be reduced upon the fund's expiration, would be maintained for two more years. Although it acknowledged that "many would like to see substantial modifications made in the trust fund," the Ways and Means Committee said the fund had to be extended to meet the advance funding needs of highway programs and to finance the extended programs under HR 8235.

Floor Action

The overwhelming 410-7 vote for passage of HR 8235 obscured the underlying sentiment about it, which among supporters was largely tepid and among opponents was bitter. Member after member of the Public Works and

Transportation Committee rose to express support for the bill but disappointment over its final form. William H. Harsha (R Ohio), ranking minority member of the committee, warned that if the spending levels were approved by Congress, "the President will have no hesitancy...in vetoing this bill." (*Vote 602, Weekly Report p. 2830*)

While noting that HR 8235 emphasized the interstate system and provided new flexibility for other programs, committee chairman Robert E. Jones (D Ala.) stressed that it represented little departure from previous highway bills. "All in all," he said, "this act continues the tradition of the long series of Federal-Aid Highway Acts that have been presented to this body by the former Committee on Public Works."

But it was just that adherence to tradition that bothered some members. Committee member Robert W. Edgar (D Pa.), who had supported an alternative proposal in committee, complained that the reported bill ignored the issues of the trust fund, program consolidation and local control over local programs. "I think before us today should be the Federal Aid to Transportation Act of 1975," he said. "It is unfortunate that a majority of the committee chose to report a Federal Aid Highway Act of 1975."

In approving the bill, the House accepted only two non-controversial amendments. It rejected attempts to cut funding, tighten the interstate transfer provisions, strengthen local control over funds and roll back truck weights.

Spending Level

Harsha, who ended up voting against the bill, offered an unsuccessful amendment to restore the fiscal 1977-78 interstate authorizations to \$3.25-billion annually by removing a provision placing a \$750-million annual discretionary fund in the office of the transportation secretary. Besides being too expensive, Harsha complained, the discretionary fund was an unsatisfactory substitute for an administration proposal, approved in the Senate, to channel funding directly to interstate segments deemed by the secretary to be of national importance.

James J. Howard (D N.Y.), chairman of the Public Works Subcommittee on Surface Transportation, countered that the increased funds were necessary as part of the plan to complete the system by 1988. He said the discretionary fund contained safeguards to ensure that the money was spent and used for priority purposes. The amendment was defeated, 103-309. (*Vote 598, Weekly Report p. 2830*)

Transfer Funds

Harsha next offered a raft of amendments designed to restrict the use of funds transferred by a city from a rejected interstate project to either mass transit or highway alternatives. HR 8235 contained a provision, offered by Bella S. Abzug (D N.Y.), that would allow a city to receive transfer funds based on the most recent cost estimate of the withdrawn project.

Harsha maintained that the provision had been tailored to allow New York City to design an expensive West Side Highway interstate project that, when approved, would be withdrawn for a transfer project.

The Abzug provision, Harsha contended, "would allow a state to fatten up the turkey for the kill...redesigning an interstate highway project for the sole purpose of increasing the cost, then withdrawing the segment and walking away with an artificially escalated federal share."

To preclude that possibility, Harsha's amendments would have 1) restored the interstate estimate base to the 1972 level, as in existing law, 2) stipulated that withdrawn interstate mileage could be redesignated only in another state and 3) stricken the "payback" element of the Abzug provision that would allow areas to use for other purposes rights-of-way purchased with interstate funds without having to pay back the federal government.

Opponents of the Harsha amendments denied that the provision was written for New York, citing other cities that would benefit. They insisted the increased flexibility was needed to make the interstate transfer program meaningful. The amendment was defeated, 122-294. The entire New York City delegation, with the exception of John M. Murphy (D), voted against it. (*Vote 599, Weekly Report p. 2830*).

City Control

With minimal debate, the House rejected an amendment by James V. Stanton (D Ohio) to allow cities of more than 200,000 population that paid at least half the non-federal costs of projects in their area to select projects without state concurrence. If concurrence were required and the state did not submit to the federal government for funding a plan within a year after it had been approved, then the city would be allowed to submit the plan directly.

Stanton said the amendment was necessary to break the "logjam" of urban programs being held up by state red tape. Opponents argued in response that it would require duplicative state and local planning capabilities, discourage state incentives to participate in the federal highway program and promote factionalism. Don H. Clausen (R Calif.) said that the House should await the results of an urban system study proposed in the bill before making "such far-reaching changes."

The amendment was defeated, 121-290. (*Vote 601, Weekly Report p. 2830*)

Truck Weights

The House rejected three amendments aimed at reducing potential safety hazards posed by trucks on highways.

The most controversial, offered by Gary A. Myers (R Pa.), would have rolled back to 73,280 pounds the truck weight of 80,000 pounds allowed on interstate highways by the Federal-Aid Highway Act Amendments of 1974 (PL 93-643). During hasty consideration of that bill on the eve of adjournment in 1974, Edward I. Koch (D N.Y.) had been unsuccessful in repeated attempts to win a House vote to delete the Senate-added truck weight increase. (*1974 Almanac, p. 707*)

Supporters of the Myers amendment argued that the heavier trucks presented a safety risk, caused deterioration of highways and drained financially weak railroads of badly needed business. They insisted on a floor vote so that members would be publicly recorded for or against the sensitive issue, which pitted consumer groups against the trucking lobby.

No one argued against the amendment. But it was rejected, 139-275. (*Vote 600, Weekly Report p. 2830*)


The other two truck safety amendments were rejected by voice vote. They would have limited the weight that could be placed on the front axles of truck tractors and required states to enact legislation banning open-top trucks from federally aided highways.

Other Amendments

The House rejected by voice vote an amendment offered by E. G. Shuster (R Pa.) to delete a provision extending for two years the deadline for states to repay their shares of emergency highway funding approved earlier in 1975. Shuster contended the extension benefitted a handful of states at the expense of others. Subcommittee Chairman Howard replied that the extension was necessary to continue programs and said it would cost neither the federal government nor the other states.

- The House adopted by voice vote two amendments:
- By Richard H. Ichord (D Mo.), to delete an authorization of \$67.5-million as an incentive for states to enact seat belt laws.
 - By William S. Cohen (R Maine), to exempt Maine from the definition of "urban area" in the bill.

—By Ted Vaden

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Major Legislation Expiring in 1976

Economy

Tax Cut. Six-month extension of 1975 federal tax reductions (HR 9968—PL 94-164) will expire after June 30, 1976. The extended tax cuts amounted to \$8.4-billion during the first six months of 1976.

General Revenue Sharing. The five-year general revenue sharing program enacted in 1972 (HR 14370—PL 92-512) will expire at the end of 1976. Under the program, the federal government gave \$30.2-billion of its tax revenues to state and local governments for various purposes.

Debt Ceiling. The temporary \$595-billion federal debt ceiling will expire after March 15. Without action extending that limit, set by Congress Nov. 13, 1975 (HR 10585—PL 94-132), the ceiling on outstanding federal debt will fall to its permanent \$400-billion level.

Energy

Federal Energy Administration. The law (PL 93-275) establishing a temporary Federal Energy Administration to manage federal programs dealing with short-term fuel shortages will expire June 30, 1976. Approved in 1974, the law replaced the Federal Energy Office set up late in 1973 by executive order, with the Federal Energy Administration, headed by an administrator subject to Senate confirmation.

Housing

Emergency Mortgage Aid. Authority to buy up mortgages at subsidized rates under a 1975 law (PL 94-50) expires on July 1, 1976. (1975 Weekly Report p. 1435)

Homeownership Subsidies (Section 235). Authority to commit available funds under the 1974 housing law (PL 93-383) expires June 30, 1976. (1974 Almanac p. 346)

Health

Alcoholism Treatment Programs. Expire at the end of fiscal 1976. Last extended (PL 93-281) in 1974. (1974 Almanac p. 434)

Emergency Medical Services Programs. Expire at the end of fiscal 1976. Last extended (PL 93-154) in 1973. (1973 Almanac p. 494)

Health Manpower Programs. Most expired on June 30, 1974. (1975 Weekly Report p. 2856)

Drug Abuse Prevention. Expired June 30, 1975. Both the House and Senate have passed extension legislation, but it is not out of conference. (1975 Weekly Report p. 1988)

Education

Higher Education. Authorizations for most programs, including student assistance, funded

under the Higher Education Act of 1965 as amended expire June 30. Also expiring June 30 are the Vocational Education Act and the authorization for the National Institute of Education.

Technically, the authorizations for all of those programs, expired June 30, 1975, but a provision adopted as part of the Education Amendments of 1974 (PL 93-380) automatically extends education programs for one year if Congress has not completed action on new authorizations.

Crime and Justice

LEAA. The authorization for the Law Enforcement Assistance Administration, created by the Omnibus Crime Control and Safe Streets Act of 1968 and extended in 1970 and 1973 (PL 93-83), expires June 30. Congress will consider a five-year extension of the authorization and funding for LEAA, as proposed by the administration, as well as program changes. (1973 Almanac, p. 359)

Transportation

Airport Aid. The Airport Development Acceleration Act of 1973 (PL 93-44) expires June 30. The House Dec. 18 passed a five-year airport aid authorization (HR 9771) that included a six-month ban on U.S. landings by the British-French Concorde supersonic jetliner. The ban is not expected to stick in the Senate, which planned hearings early in the year. (House passage, 1975 Weekly Report p. 2899)

Sports Broadcasting

The sports anti-blackout law (PL 93-107), which forbids broadcasters to black out a home telecast of a professional sports event if it is sold out 72 hours in advance, expired Dec. 31, 1975. The House and Senate both passed bills in 1975, but conferees were deadlocked over differences. Conferees allowed the law to expire on the assurance from National Football League Commissioner Pete Rozelle that the league would abide by the law for the remainder of the season. (1975 Weekly Report p. 2789)

Congressional Lineup

	House	Senate
Democrats	289	62
Republicans	144	38
Vacancies	2	



FISCAL 1977 BUDGET: FORD ASKS \$394.2-BILLION

Rejecting an election-year "policy of the quick fix," President Ford sent Congress a fiscal 1977 budget that he said would put the nation on the path toward reduced inflation and unemployment.

"The combination of tax and spending changes I propose will set us on a course that not only leads to a balanced budget within three years, but also improves the prospects for the economy to stay on a growth path that we can sustain," Ford said in his Jan. 21 budget message. (Text of message, p. 138)

Ford acknowledged the "hard choices" involved in that course. His decisions called for restraints in federal spending, with cuts and consolidations proposed in a variety of social programs popular with Congress. At the same time, the budget called for "significant" increases in defense spending, a decision in priorities that came under immediate attack on Capitol Hill.

In outlining his specific proposals, Ford told Congress that "we must not continue drifting in the direction of bigger and bigger government." To stop that flow, his budget called for cutting the rate of federal spending growth to about 5.5 per cent, less than half the average growth rate over the last 10 years and considerably less than the 7 per cent inflation rate in 1975. That would mean reductions in "real" spending after inflation was accounted for.

Specifics of Budget

Ford stuck to his intention, first outlined in October 1975, to propose spending of less than \$395-billion in fiscal 1977, calling for outlays of \$394.2-billion. Receipts were estimated at \$351.3-billion, resulting in a deficit of nearly \$43-billion. That deficit was less than those of the past two fiscal years, but still the third largest since 1945.

By holding spending to that level, and predicting a deficit of that magnitude, Ford was seeking to prevent another round of inflation, while at the same time keeping the nation's economic recovery on course. Anticipating charges that more spending was necessary to ensure the nation's economic health, Ford said in his budget message, "If we try to stimulate the economy beyond its capacity to

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respond, it will lead only to a future whirlwind of inflation and unemployment."

Budget documents estimated that approximately one-fourth of the proposed fiscal 1977 outlays were committed to pay for programs and contracts approved in earlier years.

Similarly, the budget called for new spending authority in fiscal 1977 of \$433.4-billion, of which \$281.3-billion would be spent in fiscal 1977 and \$152.1-billion, about 35 per cent, would be spent in future years. Budget authority exceeds outlays because it covers the full cost of such things as construction and procurement programs, subsidy contracts and long-term financing costs, in which payments actually are made over a period of at least several years. (Authority-outlays relationship, p. 119)

The administration's long-range economic outlook, based on Ford's philosophy of restraint, anticipated modest but steady improvement in unemployment and inflation levels, but no dramatic short-term improvements. Unemployment was expected to average 7.7 per cent in calendar 1976, with consumer prices rising about 6.3 per cent.

Fiscal 1976 Estimates

The budget also gave revised estimates for fiscal 1976 spending and receipts. Outlays were predicted to reach

The Budget Totals

(In billions of dollars)

Description	1975 actual	1976 estimate	Transition quarter estimate	1977 estimate
Budget receipts	281.0	297.5	81.9	351.3
Budget outlays	324.6	373.5	98.0	394.2
Deficit (—)	-43.6	-76.0	-16.1	-43.0
Budget authority	412.1	408.4	88.1	433.4

Budget Terminology

The federal budget is a plan of expected receipts and expenditures, a statement of priorities, an accounting of how funds have been and will be spent and a request for authority to spend public money.

The 1977 budget covers the government's fiscal year beginning Oct. 1, 1976, and ending Sept. 30, 1977.

The federal expenditures reported are most frequently outlays: amounts actually paid out by the government in cash or checks during the year. Examples are funds spent to buy equipment or property, to meet the government's liability under a contract or to pay the salary of an employee. Outlays also include net lending—the difference between disbursements and repayments under government lending programs.

The administration's request to Congress, presented in the form of the budget, is for authority to obligate or lend funds.

Budget authority determines the scope of operations of the government. Congress confers budget authority on a federal agency in general in the form of appropriations.

Appropriations may be for a single year, a specified period of years, or an indefinite number of years, according to the restrictions Congress wishes to place on spending for particular purposes.

Congress also restricts itself in the appropriation process by requiring that an appropriation be preceded by an authorization to appropriate a certain or an indefinite amount of money for a certain purpose over a period of time.

Usually an authorization establishes the scope of a particular program, and Congress appropriates funds within the limits it has previously approved. In the case of authority to enter contract obligations, however, Congress authorizes the administration to make firm commitments for which funds must be appropriated later. Congress also occasionally includes mandatory spending requirements in an authorization, designed to ensure spending at a certain level.

Budget authority often differs from actual outlays. This is because, in practice, funds actually spent or obligated during a year may be drawn partly from the budget authority conferred in the year in question and partly from budget authority conferred in previous years.

\$373.5-billion and receipts \$297.5-billion, resulting in a deficit of \$76-billion, by far the largest in U.S. history. It exceeded the administration's Oct. 21, 1975, estimate by \$7.5-billion.

The revised estimates also differed considerably from the levels adopted by Congress in December under its new budget procedures, which set outlays of \$374.9-billion, revenues of \$300.8-billion and a deficit of \$74.1-billion for fiscal 1976. (*December action, 1975 Weekly Report p. 2739*)

Theme of Restraint

"We are at a critical point in our history," Ford told reporters at a briefing on the budget he conducted Jan. 20. The nation could allow spending to "mushroom," he ex-

plained, or it could decide "to restrain the growth of the federal economy."

Restraint was the key to Ford's budget proposal, and critical to it was the proposal for outlays of less than \$395-billion.

In a speech Oct. 6, 1975, Ford had indicated that federal spending, if permitted to grow at its normal rate, could reach \$423-billion in fiscal 1977. He proposed then that it be held down by \$28-billion, to be matched by \$28-billion in tax cuts. (*Ford proposal, 1975 Weekly Report p. 2155*)

He produced that \$28-billion reduction in his budget proposal through revised estimates, proposed program revisions, changed expectations of the economy and other unspecified plans aimed at saving money and increasing productivity. (*Cuts, box p. 114*)

In return for holding down growth in spending, Ford renewed his proposal for equivalent tax cuts, proposing \$10-billion in tax reductions effective July 1, 1976. When added to the six-month tax cut extension cleared by Congress in December 1975 (PL 94-164), the total would be about \$28-billion, assuming the extension was continued through 1976. The six-month extension was scheduled to expire June 30. (*Action on taxes, 1975 Weekly Report p. 2763*)

Plans for Savings

Ford's proposals for savings were certain to generate controversy in Congress. In some cases, they were revivals or modifications of ideas that Congress had rejected or ignored in the past.

The major proposals included:

- Consolidation of 27 education programs into one block grant program in which \$3.3-billion in fiscal 1977 would be distributed to the states. Three-fourths would be targeted for the disadvantaged and the handicapped.

- Consolidation of 16 health programs, including Medicaid, into a block grant of \$10-billion to the states.

- Changes in the Medicare program that would limit increases in rates, increase the cost paid by patients up to a \$500-maximum, and provide catastrophic-illness protection for aged and disabled persons.

- Consolidation of 15 federal child nutrition programs into a block grant for states that would be directed at needy children, eliminating food subsidies for children in families above the federal poverty line.

- A block grant of \$2.5-billion for states for social services programs for low-income persons.

- Reductions in major unemployment programs in the expectation of improvements in the economy that would result in lower unemployment levels.

Anticipating congressional hostility, Ford told reporters he would seek the support of state and local officials for his proposals in the hope that they could then influence Congress.

Payroll Taxes

In addition to his proposals for personal and corporate income tax changes, Ford called for revisions in the payroll taxes that fund unemployment and Social Security benefits, in an effort to put them on a more secure footing. (*Tax proposals, p. 115*)

Ford proposed an increase of .6 per cent, to be divided equally between employer and employee, in the payroll tax that finances the Social Security system, effective Jan. 1, 1977. That would raise the tax rate to 12.3 per cent from 11.7 per cent. Ford said the increase would solve the im-

Reaction Signals Another Year of Confrontation

Capitol Hill reaction to President Ford's budget and State of the Union address indicated that 1976 was shaping up as another year of confrontation and veto.

Democrats, some of whose statements were rolling off mimeograph machines within minutes after Ford had finished his Jan. 19 address to Congress, attacked the President's program as unimaginative, unrealistic and harmful to the economy.

Many Republicans greeted the program with ambivalence. Some said they approved of the spirit of the President's program but doubted that much of it would survive.

"If this country is to be saved from disaster, it will require Presidents with the courage and far-sightedness of Gerald Ford," said Sen. Barry Goldwater (R Ariz.). "His stand [against big government] is in strict contrast to the utterances of the Democratic presidential candidates, all of whom promise more, not less, government."

Senate Minority Leader Hugh Scott (R Pa.) singled out for praise Ford's plans to strengthen the private sector of the economy, his tax incentives aimed toward encouraging middle-income people to invest in industry and his block grant proposals, which Scott said were "a responsible way to insure the carrying out of these programs to reduce federal regulation and increase state and local discretion and flexibility."

As for Ford's \$394.2-billion budget, Scott said, "The holding of the line is going to be extremely difficult. It is going to require discipline."

Sen. Henry Bellmon (R Okla.), the ranking minority member of the Senate Budget Committee, told Congressional Quarterly he "would tend to want to support" Ford's budget but he was "not sure some cuts can be made. It's a more forthright budget than we've had, but I would not want to be committed to support each part of it."

Sen. Pete V. Domenici (R N.M.), another Budget Committee member, questioned Ford's proposed .3 per cent increase in Social Security tax withholding, saying it already was "the most regressive, burdensome tax on working people."

Sen. John Tower of Texas, chairman of the Senate Republican Policy Committee, said he supported Ford's proposed increases for the defense budget but that he expected Congress would trim them. Tower predicted Ford would veto any tax reduction if Congress exceeded the President's \$394.2-billion spending goal.

'Cancel the Year'

Rep. Bella S. Abzug (D N.Y.) said Ford's references to Tom Paine, the Revolutionary War radical pamphleteer, were "ludicrous and totally out of character." She said if Paine were "around today, he would be hounded and spied on by the CIA, FBI and other government snoopers."

"Instead of Tom Paine's *Common Sense*, he gave us a patriotic pep talk and reactionary programs," Abzug said. "If this is a sample of Bicentennial rhetoric that is in store for us, maybe we should cancel the whole year."

Senior Democrats in both houses attacked Ford's proposals. In the Senate, Democratic presidential candidate Birch Bayh (D Ind.) called the address "political hypocrisy at its worst" and labeled the President's budget as "phony."

"President Ford knows Congress will not permit the economy to stagnate," Bayh said. "He knows Congress will not permit him to increase burdens on the poor and the elderly. Yet he presents an unrealistic budget in order that he can flail away at Congress as a big spending strawman when it meets its responsibilities."

Bayh said Ford's plan to provide catastrophic illness aid for Medicare beneficiaries while raising their short-term medical costs was part of a "cruel political hoax."

By asking for an additional tax cut at the same time as he proposed a rise in Social Security taxes, Bayh said, "Mr. Ford pretends to be giving with one hand, [while] his other is reaching into the wallets of those who are in the most need of cash."

'Retrenchment and Retreat'

Sen. Hubert H. Humphrey (D Minn.), chairman of the Joint Economic Committee, said Ford's budget "will create neither private nor public jobs" and will not reduce inflation. In the area of jobs, Humphrey said, the President "proposes nothing but retrenchment and retreat."

Humphrey called Ford's proposal to consolidate 59 federal programs into four block grants a "cruel shell game in which vital programs in the areas of health, education, social services and child nutrition are significantly cut back." He said total outlays would be slashed from \$21-billion in fiscal 1976 to \$18-billion.

House Speaker Carl Albert (D Okla.) called Ford's spending restraint-tax reduction plan unworkable. "After the rhetoric has faded we find that the tough questions remain unanswered by this President," he said.

Brock Adams (D Wash.), chairman of the House Budget Committee, called Ford's budget a "status quo" plan that would not encourage economic recovery and growth. He said the benefits "go instead to an already bloated defense structure and the business community."

George Mahon (D Texas), chairman of the House Appropriations Committee, questioned Ford's proposed \$10-billion tax cut. "As the economy continues to improve, it would seem desirable to me to reduce the level of the federal deficit rather than reducing taxes," he said.

"We, of course, will rearrange many of the budget's priorities," Mahon added.

Many members said they needed more time to study the President's program.

"The first thing we have to do is dig hard into it," Alan Cranston (D Calif.), a member of the Senate Budget Committee, told Congressional Quarterly.

Cranston said there "wasn't much imagination" in Ford's State of the Union Address. "The President seemed tense," Cranston said, "as if Ronald Reagan were looking over his shoulder as he spoke."

mediate financial problems of the trust fund, which had been distributing funds faster than it was taking them in.

It was estimated that the increase for the average individual worker would amount to \$22.50 in 1977, and would increase trust fund revenues by \$3.3-billion in fiscal 1977. Without the increase, budget documents said, the trust fund would be depleted by the early 1980s. Critics said a tax rate increase would be regressive, affecting poor persons the most, and it faced some difficulty in Congress.

Ford also proposed an increase in the federal unemployment insurance tax rate paid by employers to .65 per cent from .5 per cent and in the wage base to \$6,000 from \$4,200, effective Jan. 1, 1977, increasing fiscal 1977 receipts by \$2.1-billion.

In his budget message, Ford acknowledged reforms would be "controversial", but added, "They are the right thing to do. The American people understand that we must pay for the things we want. I know that those who are working now want to be sure that the money will be there to pay their benefits when their working days are over."

Winners, Losers

In addition to those major revisions and consolidations, spending below fiscal 1976 levels was the message for several federal departments and government functional areas. Agencies hardest hit included the Agriculture and Labor Departments and the Veterans Administration. On a functional basis, reductions in outlays from fiscal 1976 were proposed in agriculture, commerce and transportation, community and regional development, education and employment and veterans benefits. A clear winner was defense spending. Proposed outlays for fiscal 1977 for the Defense Department were set at \$99.6-billion, compared to \$89.8-billion in fiscal 1976.

On a functional basis, national defense was to rise \$8.4-billion in fiscal 1977 to \$101-billion, about 9 per cent. International affairs spending, which includes foreign aid, also was to rise. The U.S. national security "dictates" the increase, Ford told reporters, saying the nation had been "pinching" on defense spending for 10 years. (*Details on proposals in functional areas, p. 122*)

Current Services

The extent of the restraints proposed for fiscal 1977 was made even more evident when Ford's budget proposal was compared to the "current services" estimate submitted to Congress Nov. 10, 1975, by the Office of Management and Budget (OMB). That document estimated the cost of continuing existing programs and services without change at a maximum of \$414.5-billion, or \$20.3-billion more than Ford's budget. On the basis of different estimating procedures and economic assumptions, the Congressional Budget Office (CBO) set current services outlays at \$420.3-billion.

On that basis, only outlays in the functional category of international affairs showed any significant increase over OMB's current services estimate.

Challenge to Congress

In his call for spending of \$394.2-billion, Ford was renewing his challenge to Congress to limit the growth of federal outlays in return for a tax cut of an equivalent amount.

\$28.9-Billion in Budget Cuts

The chart below shows where changes and cuts were made to reduce the estimate for fiscal 1977 outlays to \$394.2-billion, from the \$423.1-billion estimate upon which President Ford based his call for a \$395-billion spending ceiling in 1977. Ford proposed on Oct. 6, 1975, that 1977 outlays be reduced by approximately \$28-billion, to be matched by personal and business tax cuts.

	(billions)
Oct. 6, 1975, estimates of 1977 outlays	\$423.1
Revised estimates for entitlement and open-ended programs, including food stamps, Social Security, Medicare ¹	
Net change:	- 2.7
Revised estimates for other programs, including offshore oil land receipts, EPA construction, community development, and an increase in health programs ^{1, 2}	
Net change:	- 2.1
Additional reductions: ³	
National defense	
Changes in federal pay increases	- 2.5
Other non-combat changes	- 1.5
Disposal of surplus stockpile	- 0.7
Civilian agencies—changes in federal pay increases	- 1.1
Medicare reform	- 2.2
Health programs ²	- 1.4
Education programs	- 1.3
Food stamp program	- 1.2
Temporary employment assistance	- 1.2
Federal housing insurance program	- 1.1
Veterans programs	- 1.0
Social Security and disability insurance	- 0.9
Child nutrition program revision	- 0.9
Special unemployment assistance and federal supplemental benefits	- 0.8
Public assistance	- 0.3
Urban mass transit	- 0.2
Highway program	- 0.2
Space programs	- 0.1
Federal employee retirement payments	- 0.1
State Employment Security Agency administrative expenses	- 0.1
Other actions	- 1.3
Subtotal:	-20.1
Potential congressional increases	- 4.0
TOTAL	-28.9
January 1976 outlay estimate	\$394.2

1. Changes due to congressional action, later information or changes in economic assumptions.
 2. The increase in health programs is due to add-ons by Congress in the 1976 Labor-HEW appropriations bill. The reduction of \$1.4-billion under Additional Reductions reflects the President's veto of that bill.
 3. Other reductions, including those due to proposed program reforms and others intended to moderate budget growth. It is virtually impossible to distinguish with precision the difference between changes due to later information or economic assumptions and other reductions in all cases.

SOURCE: Office of Management and Budget

Fiscal Policy

Early reaction from Capitol Hill indicated skepticism that spending could—or should—be held to that low level.

The major concern was that the combination of outlays at that level and Ford's tax proposals would result in a dampening effect on the nation's recovery from recession, and that the stimulus of more spending was needed to ensure that recovery, and to keep unemployment from rising back to the record levels of 1975.

Committee staff analysts suggested, for example, that Ford's figures of \$10-billion in new tax breaks were misleading because of his proposals for higher unemployment and Social Security payroll taxes. Those increases would offset much of the stimulus to the economy of the tax reductions, they said.

Critics offered differing figures on the net impact of the tax proposals. House Budget Committee Chairman Brock Adams (D Wash.) said Jan. 22 that the net tax reduction was only \$1.7-billion, and not the \$10-billion cited by Ford. Adams also called the budget's economic forecasts unrealistically optimistic and said the over-all effect of the budget was to make recovery slower than necessary.

Economic analysts also pointed to the restraint implicit in the budget when it was examined on a "full-employment" basis. That is an estimate of receipts and outlays if the economy were operating at its capacity with full employment, conventionally set at 4 per cent. On that basis, Ford's budget estimated outlays in fiscal 1977 of \$386-billion and receipts of \$389-billion, yielding a surplus of \$3-billion, interpreted by some as a damper on the economy.

Ford, however, defended the \$394.2-billion spending goal, telling reporters it was a "realistic and attainable figure."

"I would not hesitate to veto any legislation or appropriations that take the budget over \$394.2-billion," he continued.

He also repeated his earlier statement that "if we restrain federal spending, we can have tax reductions on a dollar-for-dollar basis."

Ford conceded, however, that there were "uncertainties" that could take place in the economy that would require "some flexibility" and perhaps changes by July when the present extension of tax cuts expired.

Ford Tax Program

In projecting \$351.3-billion in fiscal 1977 federal revenues, Ford's budget assumed congressional approval of the President's \$27.5-billion federal income tax cut proposal.

Coupled with various additional investment tax incentives—and offset by proposed payroll tax increases—the budget program would cut potential fiscal 1977 revenues by an estimated \$22.8-billion.

Those tax incentive proposals altogether would reduce fiscal 1977 receipts by only \$800-million. But potential revenue losses in following fiscal years were greater.

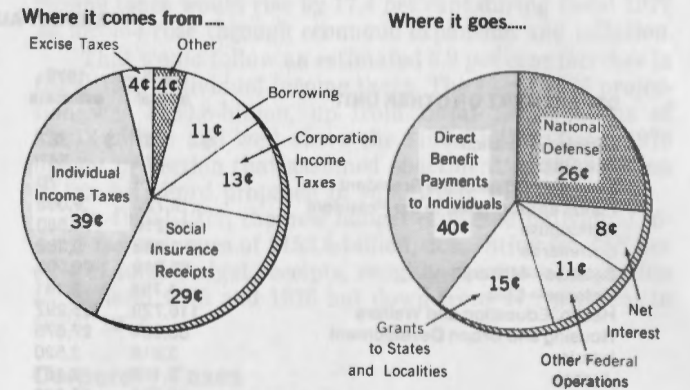
In addition to the Social Security tax rate increase, which would produce an estimated \$3.3-billion in additional fiscal 1977 trust fund revenues, the budget projected another \$2.1-billion increase in unemployment compensation taxes.

1976 Reductions

The budget essentially renewed Ford's 1975 proposals for permanent tax cuts that Congress had ignored. The ad-

The Budget Dollar

Fiscal Year 1977 Estimate



ministration's recommendations would deepen and restructure the \$7.8-billion reduction in calendar 1976 that Congress provided by extending 1975 tax cuts through June 30, 1976. (*Tax cut extension, 1975 Weekly Report p. 2763; Ford program, p. 2155*)

The budget maintained that the President's recommendations would give individual and corporate taxpayers about \$10-billion more a year in tax cuts than they would receive if the six-month tax cut extension were applied on a full-year basis.

If put into full effect on July 1, Ford's program would provide an additional \$6-billion in calendar 1976 tax liability reductions, according to Treasury estimates, beyond the full-year \$16.8-billion impact of the extended 1976 tax cuts already in effect.

The administration's proposals would increase full-year 1976 individual income tax cuts by \$4.1-billion, according to those estimates. Corporate tax liability would be cut by an additional \$1.9-billion, again below the level that would be reached by simply extending the six-month congressional tax cuts through the rest of 1976.

The net benefit to individuals would be only \$3.6-billion, however, because the administration's program would allow a refundable 10 per cent earned income tax credit for families with children to expire after June 30. If extended through the end of 1976, that credit would provide about \$500-million in direct Treasury cash payments to eligible families who paid little or no taxes.

Tax Cut Proposals

Following the format of Ford's Oct. 6, 1975, tax cut proposals, the budget program would permanently reduce individual income taxes by raising the existing \$750 personal exemption to \$1,000, by replacing the percentage standard deduction with a flat dollar deduction of \$2,500 for joint returns and \$1,800 for single persons and by cutting individual tax rates in lower brackets. Taken together, those proposals would cut fiscal 1977 revenues by an estimated \$21.9-billion.

For corporations, the budget program would provide tax reductions by making permanent the 10 per cent investment credit provided for 1975-76, cutting the top 48 per cent corporate tax rate to 46 per cent making permanent the corporate surcharge structure adjustments provided for 1975 and the first half of the 1976, and by allowing electric

Budget Authority and Outlays by Agency

(in millions of dollars)†

DEPARTMENT OR OTHER UNIT	BUDGET AUTHORITY				OUTLAYS			
	1975 actual	1976 estimate	Transition quarter estimate	1977 estimate	1975 actual	1976 estimate	Transition quarter estimate	1977 estimate
Legislative branch	\$ 767	\$ 887	\$ 218	\$ 936	\$ 726	\$ 902	\$ 223	\$ 959
The Judiciary	313	347	87	394	284	342	94	391
Executive Office of the President	76	70	18	73	93	89	19	73
Funds appropriated to the President	8,726	9,055	214	6,447	3,988	5,142	825	3,958
Agriculture	15,210	14,680	2,388	11,822	9,722	14,213	3,261	10,753
Commerce	1,793	2,282	480	1,659	1,583	1,989	553	2,162
Defense—Military*	85,812	96,202	22,980	111,250	85,020	89,763	24,471	99,561
Defense—Civil	1,798	2,141	658	2,191	2,051	2,151	710	2,175
Health, Education and Welfare	116,729	125,297	34,495	145,029	112,411	127,709	33,678	140,066
Housing and Urban Development	53,934	27,675	431	21,714	7,488	7,204	1,927	7,174
Interior	3,818	2,520	833	2,566	2,139	2,582	847	2,594
Justice	2,118	2,161	561	2,143	2,067	2,281	618	2,250
Labor	19,785	20,586	3,199	20,717	17,649	26,350	5,796	22,080
State	1,186	951	395	1,137	829	1,247	382	1,034
Transportation	19,119	8,314	1,015	11,734	9,247	12,253	3,363	12,867
Treasury	41,365	47,588	12,175	51,394	41,177	45,308	12,207	51,369
Energy Research and Development Administration	3,512	5,021	1,302	6,047	3,165	4,078	1,192	5,311
Environmental Protection Agency	8,516	771	189	718	2,530	3,193	838	4,500
General Services Administration	-747	207	47	-575	-624	186	45	-605
National Aeronautics and Space Administration	3,229	3,553	932	3,695	3,267	3,517	909	3,676
Veterans Administration	16,725	19,872	4,514	17,654	16,575	19,016	4,358	17,179
Other independent agencies	22,390	33,168	4,374	30,915	17,291	19,027	5,072	21,290
Allowances for:								
Civilian agency pay raises	0	0	0	790	0	0	0	760
Contingencies	0	225	150	1,800	0	200	175	1,500
Undistributed offsetting receipts:								
Employer share, employee retirement	-3,980	-4,193	-979	-4,468	-3,980	-4,193	-979	-4,468
Interest received by trust funds	-7,667	-8,015	-2,110	-8,373	-7,667	-8,015	-2,110	-8,373
Rents and royalties on the Outer Continental Shelf	-2,428	-3,000	-500	-6,000	-2,428	-3,000	-500	-6,000
TOTAL	\$412,099	\$408,365	\$88,066	\$433,409	\$324,601	\$373,535	\$97,971	\$394,237

†Figures may not add to totals due to rounding.

*Includes allowances for civilian and military pay raises for Department of Defense.

SOURCE: 1977 Budget

utilities a series of tax benefits for expanding generating capacity.

Taken together, that corporate relief would reduce estimated fiscal 1977 revenues by \$5.7-billion.

Other Proposals

The income tax reduction proposals were accompanied by three other tax-cutting proposals, two of them new initiatives to encourage productive investments. The new proposals would:

- Allow rapid tax write-offs for business investments during the next year in buildings and capital equipment in areas where local unemployment topped 7 per cent.

- Allow tax deferrals for funds invested in stock-purchase plans set up by employers or by individuals.

Each proposal would cost the Treasury about \$300-million during fiscal 1977 and substantially more thereafter.

To encourage investment to create jobs in high-unemployment areas during the next few years, the administration proposed to allow businesses to accelerate depreciation deductions that normally would be spread out over the useful lives of the buildings and equipment built or purchased. For buildings, the deductions could be con-

centrated in half the normal useful life; for equipment the benefits could all be used in five years.

That preferential treatment would be available only for investments undertaken after Jan. 20, 1975, and before Jan. 19, 1976. The projects must be completed, moreover, within three years.

Although available only for a limited time, the proposal was expected to cost the Treasury \$1-billion a year by fiscal 1980. The Office of Management and Budget (OMB) estimated the total revenue loss in fiscal 1977 through fiscal 1981 at \$3.8-billion.

The stock purchase incentive plan would defer federal income taxes on funds that were invested for at least seven years. The money would be subject to tax at time of withdrawal.

Available for calendar 1976, that deduction would cut Treasury revenues by an estimated \$700-million by fiscal 1981. The projected total revenue loss in fiscal 1977-81 was \$2.5-billion.

Budget estimates also incorporated a projected \$265-million fiscal 1977 revenue loss from enactment of tax law changes proposed by the administration as part of a wide-ranging restructuring of U.S. financial institutions. Those proposals, which accompanied a bill passed by the Senate in

1975, would end existing tax preferences for thrift institutions and create a variable tax credit for interest earned by holders of residential mortgages. (*Financial Institutions, 1975 Weekly Report p. 2630*)

The budget included two Ford tax change proposals that would have little or no effect on fiscal 1977 revenues:

- The administration's 1975 program to encourage stepped up capital investment by integrating corporate and individual income taxes to eliminate double taxation of dividends. (*1975 Weekly Report p. 1757*)

- Ford's Jan. 5 proposal to allow persons who inherited family farms or closely held businesses to stretch out federal estate tax payments.

The estate tax revision was expected to have little impact on federal revenues. The capital formation program, which would go into effect in calendar 1978, would have no fiscal 1977 impact but would cost the Treasury \$13-billion by fiscal 1981.

Revenues

In combination with previously enacted tax law changes, Ford's income and payroll tax proposals would hold fiscal 1977 outlays \$20-billion below potential levels that tax base expansion would have produced under the tax rates and structure that was in effect on Jan. 1, 1974.

Under 1974 tax laws, federal receipts would have risen \$19.4-billion during the ongoing fiscal 1976 according to budget estimates, and another \$61.1-billion in fiscal 1977 to a total of \$371.3-billion. Enacted and proposed changes in the 1974 tax structure would reduce the projected revenue growth by \$2.9-billion in fiscal 1976 and by \$7.4-billion in fiscal 1977.

As the result of enacted tax changes—including 1975 and 1976 tax cuts, automatic payroll tax increases and Ford's oil import fees—federal receipts were expected to rise to \$297.3-billion in fiscal 1976 and \$374.1-billion in fiscal 1977.

Ford's payroll tax and income tax proposals, combined with the lifting of the oil import fees, would raise fiscal 1976 receipts by roughly \$200-million to \$297.5-billion. Potential fiscal 1977 receipts, however, would be cut to \$351.3-billion, about \$22.8-billion below levels revenues would reach under the tax laws as they stood when the budget was submitted.

BUDGET RECEIPTS BY SOURCE

(In billions of dollars)

Source	1975 actual	1976 estimate	Transition quarter estimate	1977 estimate
Individual income taxes	\$ 122.4	\$ 130.8	\$ 40.0	\$ 153.6
Corporation income taxes	40.6	40.1	8.4	49.5
Social insurance taxes and contributions	86.4	92.6	25.2	113.1
Excise taxes	16.6	16.9	4.4	17.8
Estate and gift taxes	4.6	5.1	1.4	5.8
Customs duties	3.7	3.8	1.0	4.3
Miscellaneous receipts	6.7	8.3	1.5	7.2
Total budget receipts	\$ 281.0	\$ 297.5	\$ 81.9	\$ 351.3

Individual Income Taxes

Despite 1975 tax cuts and even with Ford's proposed permanent reductions, the budget assumed that individual income taxes would rise by 17.4 per cent during fiscal 1977 as income rose through economic expansion and inflation.

That would follow an estimated 6.9 per cent increase in fiscal 1976 individual income taxes. The fiscal 1976 projection was \$130.8-billion, up from fiscal 1975 receipts of \$122.4-billion and well above the \$106.8-billion fiscal 1976 budget projection that assumed enactment of \$32.8-billion in tax cuts Ford proposed in submitting that budget.

In fiscal 1977, the new budget projected individual income tax revenues of \$153.6-billion, accounting for 43.7 per cent of total budget receipts, roughly the same proportion as in fiscal 1975 and 1976 but down from 44.9 per cent in fiscal 1974.

Corporate Taxes

Assuming large profit increases during economic recovery, the budget projected a 23.4 per cent increase in corporate income tax revenues during fiscal 1977 following a slight drop in fiscal 1976.

Corporate tax receipts were estimated at \$40.1-billion in fiscal 1976 and \$49.5-billion in fiscal 1977. Without approval of the administration's tax cut proposals, corporate taxes would be \$2.7-billion higher in fiscal 1976 and \$5.5-billion higher in fiscal 1977. Estimated fiscal 1977 corporate tax revenues would represent nearly 14.1 per cent of total budget receipts, up from 13.5 per cent in fiscal 1976.

Payroll Taxes

The budget estimated that federal payroll taxes would rise \$20.5-billion in fiscal 1977, a 22.1 per cent increase, with the proposed Social Security and unemployment tax increases accounting for \$5.4-billion.

The budget accounted for a Social Security wage base increase to \$15,300 from \$14,100 in 1976 and assumed a further automatic increase to \$16,500 on Jan. 1, 1977. Altogether, those increases would push payroll taxes to \$113.1-billion, nearly 32.2 per cent of budget receipts. Fiscal 1976 payroll taxes were estimated at \$92.6-billion, 31.1 per cent of total receipts. In fiscal 1975, payroll taxes amounted to \$86.4-billion, 30.7 per cent of receipts.

Excise Taxes

The budget estimated that federal excise taxes would produce \$17.8-billion in revenues during fiscal 1977, up from \$16.9-billion in fiscal 1976. Both figures accounted for calendar 1976 and 1977 reductions in the federal telephone tax, which was being phased out.

Other Receipts

While revenues from estate and gift taxes and from customs duties were expected to rise in fiscal 1977, the budget projected a reduction in miscellaneous receipts due to elimination of petroleum import fees. The fiscal 1976 estimate assumed that the federal government would retain those import fees collected after Aug. 11, 1975, during a pending court action challenging Ford's use of executive authority to impose the levies.

As customary, the budget treated federal government income from rents, royalties and other payments from the public for various services as offsets to related outlays and appropriations rather than as receipts.

Economic Goals

Even with the all-out effort to hold down the growth of federal outlays in 1977, the budget offered no hope for dramatic economic improvements in the next two years.

The calendar-year estimates forecast steady, if modest, gains. The gross national product (GNP) was anticipated to grow 12.4 per cent in 1976 and 12.2 per cent the following year, nearly double the growth in 1975. In real terms, growth was anticipated at 6.2 per cent in 1976 and 5.7 per cent in 1977, well above the 2 per cent decline in 1975.

Unemployment, which averaged a record 8.5 per cent in 1975, was forecast to decline to an average of 7.7 per cent in 1976 and 6.9 per cent by 1977, still high by historical standards and far above the full-employment level, conventionally defined as 4 per cent. When asked about the effect of that continuing high level on his prospects for re-election in November, President Ford said he thought unemployment would be "something less" than 7.7 per cent by then. The figure, he told reporters Jan. 20, was a yearly average. The important point, he continued, was that the trend of the unemployment rate was downward through the year.

Inflation too was expected to decline throughout 1976 and 1977. Inflation as measured by the GNP deflator was expected to be 5.9 per cent in 1976, rising again in 1977 to 6.2 per cent, also high by earlier standards, but significantly better than the 9.7 and 8.7 per cent increases in 1974 and 1975. Price increases as measured by the rise in the consumer price index were set at 6.3 and 6 per cent for 1976 and 1977, respectively, compared to 11 and 9.1 per cent averages in 1974 and 1975.

Economic Assumptions

[Calendar years; dollar amounts in billions]

Item	Actual 1974	Forecast			Assumptions			
		1975	1976	1977	1978	1979	1980	1981
Gross national product:								
Current dollars:								
Amount	\$1,407	\$1,499	\$1,684	\$1,890	\$2,124	\$2,376	\$2,636	\$2,877
Per cent change	7.7	6.5	12.4	12.2	12.4	11.9	10.9	9.1
Constant (1972) dollars:								
Amount	\$1,211	\$1,187	\$1,260	\$1,332	\$1,411	\$1,503	\$1,600	\$1,679
Per cent change	-1.8	-2.0	6.2	5.7	5.9	6.5	6.5	4.9
Incomes (current dollars):								
Personal income	\$1,155	\$1,246	\$1,386	\$1,538	\$1,727	\$1,930	\$2,138	\$2,331
Wages and salaries	763	802	892	1,001	1,126	1,259	1,397	1,525
Corporate profits	132	118	156	181	201	223	247	271
Price level (per cent change):								
GNP deflator:								
Year over year	9.7	8.7	5.9	6.2	6.1	5.0	4.2	4.0
Fourth quarter over fourth quarter	11.4	6.3	5.9	6.3	5.7	4.7	4.0	4.0
Consumer price index:								
Year over year	11.0	9.1	6.3	6.0	5.9	5.0	4.2	4.0
December over December	12.2	6.9	5.9	5.9	5.6	4.6	4.0	4.0
Unemployment rates (per cent):								
Total	5.6	8.5	7.7	6.9	6.4	5.8	5.2	4.9
Insured ¹	3.8	7.2	6.3	5.4	4.9	4.2	3.6	3.3
Average Federal pay raise, October (per cent)	5.5	5.0	4.7	8.6	7.0	6.5	5.75	5.5
Interest rate, 91-day Treasury bills (per cent)²	7.9	5.8	5.5	5.5	5.5	5.5	5.0	5.0

1. Insured unemployment as a percentage of covered employment.
2. Average rate on new issues within period; the rate shown for 1976 was the current market rate at the time the estimates were made.

Long-Range Projections

Longer-range figures were based on the basic budget philosophy enunciated by Ford—a gradual move toward a relatively stable price level and a higher level of employment.

A budget deficit of nearly \$23-billion was anticipated in fiscal 1978, for the ninth straight year. The first surplus since fiscal 1969 was expected in fiscal 1979—nearly \$10-billion—a figure that would grow steadily through fiscal 1981. By that year, according to the mechanical projections, federal outlays would climb to \$510-billion, against receipts of \$585-billion.

Based on those fiscal trends, unemployment would continue to decline through calendar 1981, falling to an average 4.9 per cent in 1981, while inflation would be running about 4 per cent. The gross national product measured in constant dollars would continue to grow in about the same range as 1976 and 1977, falling to a 4.9 per cent growth in 1981. (Fiscal 1975-81 assumptions, below)

Federal Funds Deficit

The \$43-billion deficit projected by the fiscal 1977 budget was calculated on the unified budget basis used since fiscal 1969. By combining general purpose federal operations with transactions by federal trust funds, the unified budget concept gives a comprehensive look at the budget's over-all fiscal impact on the economy.

The concept obscures, however, the total that the Treasury must borrow to finance its governmental

operations by discounting the surplus that trust funds generally run in transactions with general-purpose federal funds.

In fiscal 1977, the trust funds were expected to run a \$12.5-billion surplus, offsetting that amount of a \$55.5-billion deficit in general purpose federal funds transactions. The difference accounted for the \$43-billion total deficit.

In budget jargon, federal funds are government revenues raised chiefly from taxes and borrowing for all government purposes. Trust funds, on the other hand, are revenues collected separately from special taxes and kept distinct for specific uses. They include such things as the Social Security and unemployment compensation trust funds, financed by payroll taxes, and the Highway Trust Fund, financed by the federal gasoline tax and other user levies.

Federal funds and trust funds are not completely separated, however, because the federal government as an employer makes contributions from its federal funds to social insurance trust funds. And trust fund surpluses are invested in securities sold by the Treasury.

In the transactions between trust funds and federal funds, the trust funds generally run a healthy surplus, accounting for a substantial part of the federal funds deficit. That surplus in turn enables the trust funds to show an over-all surplus despite substantial deficits in their dealings with the public.

In fiscal 1977, trust funds were expected to accumulate a surplus of \$30.3-billion in transactions with federal funds, more than offsetting a \$17.8-billion deficit with the public. In federal funds transactions, that converse \$30.3-billion deficit would combine with a \$25.1-billion deficit in transactions with the public.

The fiscal 1977 budget gave this accounting for federal funds and trust funds in fiscal 1975-77 and the transition quarter (TQ):

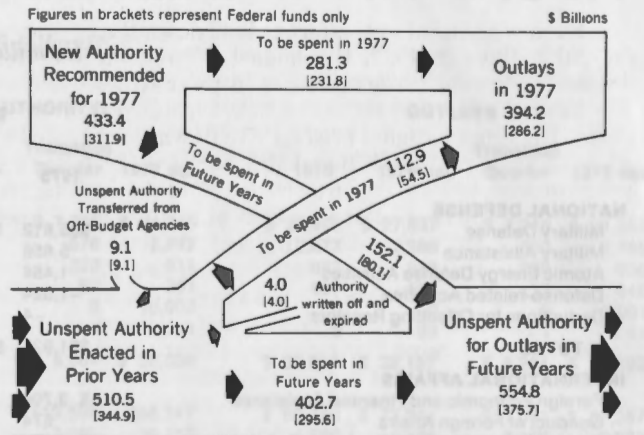
(Fiscal years, billions of dollars)

	1975 (actual)	1976 (est.)	TQ (est.)	1977 (est.)
Federal funds:				
Transactions with the public	-32.4	-49.6	-10.1	-25.1
Transactions with trust funds	-18.6	-28.9	-4.9	-30.3
Total	-51.0	-78.5	-15.0	-55.5
Trust funds:				
Transactions with the public	-11.2	-26.4	-6.0	-17.8
Transactions with federal funds	18.6	28.9	4.9	30.3
Total	7.4	2.5	-1.1	12.5
Budget total:				
Federal funds	-51.0	-78.5	-15.0	-55.5
Trust funds	7.4	2.5	-1.1	-2.5
Total, unified budget deficit	-43.6	-76.0	-16.1	-43.0

Federal Borrowing

Due largely to the projected \$55.5-billion federal funds deficit, the over-all federal debt subject to limit was expected to rise by \$67.3-billion during fiscal 1977, the budget estimated. That fiscal 1977 increase would come on top of an estimated \$90-billion debt increase during fiscal 1976, making the total debt subject to limit \$624.2-billion at the end of fiscal 1976 and \$710.4-billion at the end of fiscal 1977.

Relation of Budget Authority to Outlays-1977 Budget



NOTE: The difference between the total budget figures and federal funds shown in brackets consists of trust funds and interfund transactions between fund groups.

Besides the federal funds deficit, the debt increase primarily reflected an expected \$11.1-billion in outlays during fiscal 1977 by off-budget federal agencies. Those seven agencies—including the Postal Service and the Federal Financing Bank—operated outside the federal budget and their spending was not included in the budget total. The Export-Import Bank in 1971 was the first agency to be excluded from the unified budget. It was to be returned to the budget as of Oct. 1, 1976, and so its outlays were reflected in the \$394.2-billion budget outlay total.

Most of the off-budget agencies operate loan programs, and their outlays amount to the excess of new loans over repayments on old loans. Those outlays have risen quickly in recent years, mainly because of new off-budget agencies. In fiscal 1974, they were \$2.7-billion; in fiscal 1976 they were estimated to be \$9.3-billion, rising to \$11.1-billion in fiscal 1977.

When added to the federal fund deficits, the effect of the off-budget outlays was to increase the amount that the federal government must finance to \$87.4-billion in fiscal 1976 and \$66.6-billion in fiscal 1977.

After adjustments for changes in cash, monetary assets and other means of financing, that left federal borrowing requirements at \$90-billion in fiscal 1976 and \$67.3-billion in 1977. Those amounts plus \$18.9-billion for the budget transition quarter represented the increase in the federal debt subject to limit. The federal debt limit was set at a permanent level of \$400-billion, with further temporary increases approved by Congress. The existing temporary ceiling of \$595-billion was to expire March 15, 1976.

Interest

Outlays for interest payments by the federal government on the public debt were estimated at \$45-billion in fiscal 1977, an increase of \$7.3-billion over the fiscal 1976 estimate. The increase, the budget explained, was largely due to financing of the large budget deficits of \$76-billion in fiscal 1976 and the estimated \$43-billion in 1977. In anticipation of further deficits, interest costs were estimated to grow to \$44.8-billion in fiscal 1978.

Offsetting the interest-cost outlays were interest payments received by the government, reducing total federal outlays for interest to \$34.8-billion in fiscal 1976 and \$41.3-billion in fiscal 1977.

Details of the Budget by Functional Area

Following are details of the administration's fiscal 1977 federal budget by the functional areas used by the Office of Management and Budget:

National Security

The administration requested \$112.7-billion in new budget authority for the Defense Department in fiscal 1977, up \$8-billion from the fiscal 1976 request and \$14.4-billion more than the projected fiscal 1976 appropriations provided by Congress. Allowing for inflation, this represented a \$7.2-billion increase in real growth for military programs, according to administration spokesmen. The fiscal 1976 appropriation included \$2-billion in real growth over 1975, halting a 7-year decline in defense purchasing power. But Office of Management and Budget spokesmen conceded that approximately \$1.5-billion of that amount was due to an overestimate of inflation in the fiscal 1976 budget request. The said that an increased rate of real growth in fiscal 1977 was necessary to keep pace with the steady rise in Soviet military spending.

Proportionally, the greatest increase in the Pentagon's fiscal 1977 budget request was for new weapons to strengthen U.S. military capability without increasing defense manpower. Included in the \$29.3-billion weapons procurement request—almost \$9-billion over fiscal 1976—were funds for 244 F-14, F-15 and A-10 aircraft, 16 ships, nearly 1,000 tanks and 105 attack helicopters. Funds were sought to begin purchases of several new weapons, including the B-1 bomber, the Trident missile and the F-16 fighter plane.

Research and development funds totaling \$10.9-billion—\$400-million over fiscal 1976—were requested for various weapons projects including the M-X intercontinental ballistic missile (ICBM), the strategic cruise missile and the XM-1 tank.

To offset these increases, the President proposed to reduce manpower costs by changing personnel policy, restraining pay increases (including retirement pay) and reducing civilian personnel. He also proposed to eliminate a

requirement that all persons must register for the draft through the Selective Service System, thereby permitting a substantial reduction in the Selective Service staff at an estimated savings of \$20-million.

(Not included in the Defense Department's new budget authority was \$1.9-billion for defense-related nuclear work funded through the Energy Research and Development Administration. See *Energy and Natural Resources* section.)

Outlays for the Defense Department were set at \$100.1-billion for fiscal 1977, an increase of \$8.9-billion over the previous year's appropriation.

Strategic Programs

The budget recommended \$9.4-billion for continued modernization of the U.S. nuclear deterrent weapons, and stressed the importance of preparing options for expansion of the nuclear force should the current strategic arms limitation (SALT) talks with the Soviet Union fail. Funds were sought for a third Trident submarine (\$1.3-billion) and initial purchase of the missiles for the Trident (\$1.7-billion) and for three B-1 bombers (\$1.5-billion). While no funds were requested for continued production of the Minuteman III missile, Pentagon officials announced that the National Security Council was contemplating additional purchases to keep that production line operating.

Research and development funds were requested for the air and sea-launched versions of the cruise missile (\$261.7-million) and for the M-X, a large, land-based ICBM (\$84-million). New budget authority for research on ballistic missile defense came to \$224.9-billion.

General Purpose Forces

By far the largest functional component of the defense budget was \$40.2-billion recommended for conventional combat forces.

Tanks, armored personnel carriers and helicopters were requested to 1) complete equipping three new Army divisions, 2) begin upgrading two light infantry divisions and 3) rebuild stockpiles in Europe that were depleted by arms supplied to Israel during and after the November 1973 Middle East war.

Research and development funds were sought for the XM-1 tank (\$141-million), the MICV troop carrier (\$29.9-million), the advanced attack helicopter (\$112.1-million) and the improved Pershing II missile (\$36.3-million).

The Army remains at 16 divisions (790,000 men) and the Marine Corps at three divisions (191,000 men).

New combat ships requested included: three attack submarines (\$1.3-billion) and eight escort frigates (\$1.3-billion). New budget authority also was requested for the first of a new class of strike cruisers (\$203.3-million) and the first of a new class of ships equipped with the Aegis missile system for air defense (\$859.5-million). No funds were sought for a new nuclear-powered aircraft carrier. That request, which was announced in the 1975 annual report of the Defense Department, has been deferred until agreement is reached on a new ship to replace the aging Forrestal-class of carriers in the mid-1980s.

The Navy is budgeted for 544,000 men, up 12,000 from fiscal year 1976. The increase was explained in terms of a small addition in the number of ships in service and in the size of ships' crews.

New budget authority for tactical air forces included \$2.2-billion for 144 new F-14 and F-15 fighter planes and \$617.8-million for 100 A-10 ground attack planes. For initial procurement of the Air Force's lightweight F-16 fighter, the budget requested \$619.7-million, and \$346.9-million was sought for development of the corresponding Navy plane, the F-18.

The number of Air Force, Navy and Marine tactical air wings remained at 42. A 13,000-man decline in Air Force personnel was due largely to consolidations of headquarters units and reductions in non-combat, support manpower.

Mobility Forces

Airlift and sealift capability accounted for \$1.6-billion of the budget request. This amount included funds to strengthen the wings of the giant C-5A transport aircraft to extend its useful life, and to lengthen the fuselage of the medium C-141 transport. Additional funds were sought to modify civilian jetliners in the Civil Reserve Air Fleet for easy adaptation to military duty in time of war.

Military Construction

The budget included \$2.3-billion for military construction, including \$437-million for an aircraft engine test facility at Tullahoma, Tenn. The administration insisted that only projects essential to performance of military missions had been included in the request, which was \$100-million under last year's appropriation.

Reflecting a policy of increasing reliance on local housing markets to house military families, the budget requested only \$1.2-billion for family housing in 1977, \$100-million less than was appropriated for fiscal 1976.

Personnel

Civilian personnel would be reduced by 26,000, principally through consolidation of headquarters and support units, under the Pentagon's recommendations. It was planned to use uniformed manpower more efficiently through less frequent transfers and shorter training periods. On the ground that military and civilian pay scales were comparable at existing levels, the President intended to seek legislation to eliminate enlistment bonuses, remove subsidies for commissary staffs and institute major changes in the military retirement system.

Presently, in both the military and Civil Service retirement systems, cost-of-living increases are 1 per cent higher than the rise in the Consumer Price Index. Legislation was requested to eliminate this bonus. The administration warned that failure of Congress to approve the changes would increase outlays in fiscal 1977 by \$2.8-billion.

International Affairs

The administration's overall budget request for foreign aid—both economic and military—amounted to \$5.8-billion in new budget authority for fiscal 1977, \$763-million less than that recommended for 1976. (The amounts ultimately appropriated for fiscal 1976 for military and economic aid cannot be determined because Congress has not yet completed action on the appropriations legislation.)

About \$1.8-billion of the fiscal 1977 request was for security-supporting assistance to nations in the Middle East. But specific allocations by country have not been finalized by the Ford administration.

Outlays of slightly over \$5-billion in foreign aid were planned for 1977.

Foreign Affairs Administration

In the international affairs section of the budget, \$985-million was recommended in new budget authority for foreign affairs operations, including the administration of foreign policy, international organizations and conferences, the Arms Control and Disarmament Agency and other activities, and \$386-million was budgeted for foreign information and exchange activities, including those of Radio Free Europe and Radio Liberty and the U.S. Information Agency.

Military Aid

The administration requested a total of \$785-million in military assistance, which is administered by the Defense Department but authorized by the foreign relations committees rather than the Armed Services Committees. The total was about \$445-million less than the amount budgeted for fiscal 1976, reflecting in part a de-emphasis on grant military assistance in favor of foreign military sales credits.

New budget authority for military assistance grants was set at \$279-million, compared to \$394-million requested in the fiscal year 1976 budget. To support a military credit sales program of \$2.1-billion in fiscal 1977—of which \$1-billion was earmarked for Israel—\$840-million was requested; this was \$225-million below the fiscal 1976 level.

Outlays for all military assistance programs in 1977 were set at \$739-million, down \$1.3-billion from fiscal 1976. "The geographic focus of the military assistance program has shifted rapidly from Southeast Asia to the Middle East," the administration said.

Economic Aid

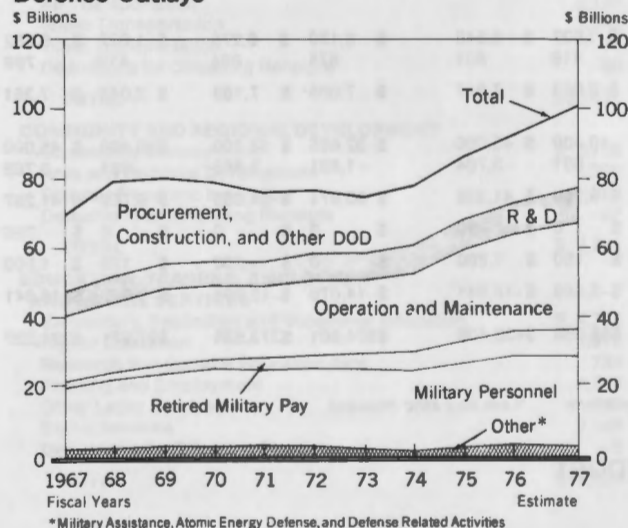
For foreign economic and financial assistance, the administration requested \$5-billion in new budget authority, about \$317-million below the 1976 level. Of this amount, \$1.8-billion was expected to be allocated to various Middle Eastern countries in the form of security-supporting assistance to encourage "progress toward a lasting negotiated settlement" in the region. The funds were recommended for reconstruction and economic support for Israel, Egypt, Jordan and Syria. Some security-supporting funds also were earmarked for Portugal, Malta and Cyprus.

In addition to these funds, \$35-million was budgeted under the economic aid category to defray the cost of the U.S. Sinai peacekeeping mission and "to allow an additional measure of flexibility in responding to unforeseen events" in the Middle East.

The administration also proposed \$1.2-billion in new budget authority for multilateral development assistance in fiscal 1977. This assistance is provided through U.S. contributions to international financial institutions, such as the World Bank. Part of this amount also is directed to development programs of international organizations, principally the United Nations. Although the \$1.2-billion request represented a \$300-million decline from fiscal 1976, the budget included a statement that multilateral assistance "has become an increasingly important component" of the foreign aid program.

Bilateral development assistance, which is administered by the U.S. Agency for International Development (AID) and directed to the "neediest people in poorer"

Defense Outlays



countries, was budgeted at a level of \$1.1-billion for fiscal 1977. This amount was nearly \$100-million larger than the fiscal 1976 request.

Other economic assistance programs included in the 1977 budget were:

- Food for Peace (PL 480), \$1.2-billion in new budget authority;
- International narcotics control, \$34-million;
- Migration and refugee assistance, \$10-million;
- Peace Corps, \$67-million.

General Science, Space and Technology

NASA

The budget requested a \$142-million increase in budget authority for the U.S. space program in fiscal 1977, but the proposed funding boost would not keep pace with inflation. The total budget request for the National Aeronautics and Space Administration was \$3.7-billion.

The proposed budget would force NASA to delay development of a third orbiting vehicle for the re-usable space shuttle, a probe of the planet Jupiter and renovation of a wind tunnel used for aeronautical testing. The budget included \$1.29-billion, an \$82-million increase, for continued work on the space shuttle, still scheduled for its first manned orbital flight in 1979. No other manned space missions were planned before then, but shuttle approach and landing tests were scheduled to begin in 1977.

Unlike the fiscal 1976 budget, the proposed funding also would allow work to begin on some new programs, including development of a spacecraft to study sunspots and other solar phenomena in 1970-80 and a third satellite to map information on the earth's magnetic field.

NASA's construction budget, cut back to \$82-million in fiscal 1976, would rise to \$124-million in fiscal 1977 under the proposed budget. The budget would reserve \$25-million of this amount for construction of a new aeronautical research center.

National Science Foundation

Increasing fiscal 1976 appropriations by about \$88-million, the budget asked for \$802-million for the National Science Foundation in fiscal 1977. Most of the new funding would be devoted to basic research programs in a number of scientific fields. Spending for science education programs under the proposed budget would stay at the fiscal 1976 spending level of about \$65-million, while funds for research programs targeted on specific problems would drop by about \$8.7-million. The foundation said that the reduction reflected the continuing transfer of energy-related programs to other agencies.

Energy, Environment, Resources

Outlays for this entire category would reach a net total of \$13.8-billion, estimated the 1977 budget—a grand total of \$14.6-billion offset by \$800-million in receipts. The largest items within this category were pollution control, for which spending was estimated at \$4.4-billion; water resources and power, \$3.9-billion; and energy, \$3.4-billion.

Total outlays would amount to \$2-billion more than in fiscal 1976. The largest increases were for pollution control, up \$1.3-billion, and for energy, up almost \$800-million.

Energy

Ford's fiscal 1977 energy program did not break new ground in energy policy. The President repeated a number of requests which were not granted in fiscal 1976 and proposed increases in a number of existing research programs.

Most of the \$3.4-billion in fiscal 1977 energy outlays would be expended by the Energy Research and Development Administration (ERDA). The overall estimated outlays for ERDA were \$5.4-billion; the balance was allocated to national security programs for nuclear weapons development which were not included within the energy outlays category.

For its second full year of operation, ERDA requested total budget authority of \$6.1-billion, an increase of \$1.5-billion over fiscal 1976. This included \$4.6-billion for operating expenses and \$1.5-billion for plant and capital equipment; outlays for these two subcategories were expected to amount to \$4.3-billion and \$1.1-billion, respectively.

The increases in ERDA appropriations requests were spread across the board among its programs. Among the programs for which increased funding was requested were:

- Fission power reactor development—\$545-million, \$160-million more than in fiscal 1976, with an additional \$160-million requested for plant and capital spending.
- Uranium enrichment—\$907-million, \$200-million over fiscal 1976 funds, plus \$536-million for plant and capital equipment. Some of these funds would be used to assist the proposed entry of private industry into the field of uranium enrichment, as of early 1976 a government monopoly. President Ford had proposed allowing private industry to enter the field; Congress in 1975 took no action on the proposal.
- National security and weapons programs—\$1.3-billion, up from \$1.1-billion in 1976, plus \$376.5-million for plant and capital expenditures.
- Fusion power research—\$225-million, a \$46-million increase over 1976, plus \$153-million, almost triple 1976 funds, for plant and capital equipment.
- Fuel cycle research, including treatment of nuclear wastes and investigation of recycling nuclear fuel, including plutonium—\$139-million, \$82-million more than in 1976, plus \$15.8-million—four times the 1976 figure—for plant and capital equipment.
- Coal research—\$358-million, an \$87-million increase, plus \$55.2-million for plant and capital equipment, twice the 1976 amount.
- Solar energy research—\$110.5-million, a \$30-million increase, plus \$18-million for plant and capital equipment, triple the 1976 amount.
- Naval reactor development—\$202-million, \$16-million more than in 1976.

Other energy-related items in the budget included:

- Federal Energy Administration—for which \$101-million was requested for 1977, a drop of \$42-million from the 1976 amount, reflecting, among other factors, an expected decrease in personnel positions at FEA from 3,200 to 1,791. The budget also indicated that appropriations of \$55-million would be requested later if Congress approved the administration's 1975 proposal to provide grants to states to subsidize the installation of insulation by low-income homeowners.
- Federal Power Commission—for which \$41.6-million was requested in budget authority, a \$6-million increase over 1975 funds.

• Nuclear Regulatory Commission—for which budget authority of \$249-million was requested, an increase of \$34-million over fiscal 1976 funds. This total included \$122-million for nuclear regulatory research, \$39-million for nuclear reactor regulation, and \$18-million for nuclear materials safety and safeguards.

The budget reflected President Ford's intention to press Congress to approve his energy-related proposals which it had ignored or rejected during the 1975 session. These included his desire to allow private enterprise to move into the uranium enrichment field, to provide federal financial backing for private industry's production of synthetic fuels on a commercial basis, and to set up a \$100-billion Energy Independence Authority to provide federal stimulus for expansion of the nation's energy capabilities.

Amendments to ERDA authorization legislation would be proposed, stated the budget, to provide for \$2-billion in federal loan guarantees in 1976 for commercial demonstration of synthetic fuel production. The fiscal 1977 budget included \$503-million for the loan program. Congress late in 1975 had refused to approve a \$6-billion loan guarantee program, but the administration said that amount would still be needed during the period from 1976-78 in order to attain the goal of producing the equivalent of 350,000 barrels per day of synthetic fuel by 1985.

The proposed Energy Independence Authority would be a government corporation funded in part by selling stock and, to a larger extent, by issuing notes, debentures, bonds, and other obligations. The authorized capital stock, to total \$25-billion, would be subject to appropriations requests. For fiscal 1977, the administration would request \$8-billion in appropriations for this new corporation. Also for fiscal 1977, Congress would be asked to authorize \$75-billion in borrowing authority, allowing it to issue up to that amount in obligations.

The concept of the corporation had been attacked by liberals and conservatives and Congress was considered unlikely to act.

Ford also repeated 1975 requests for price deregulation of new domestic natural gas and to open up production from the naval petroleum reserves. A naval petroleum reserves bill (HR 49) was expected to emerge from conference early in 1976. A natural gas bill (S 2310) had passed the Senate but faced an uncertain future in the House. (*1975 Weekly Report p. 2851*)

Environmental Programs

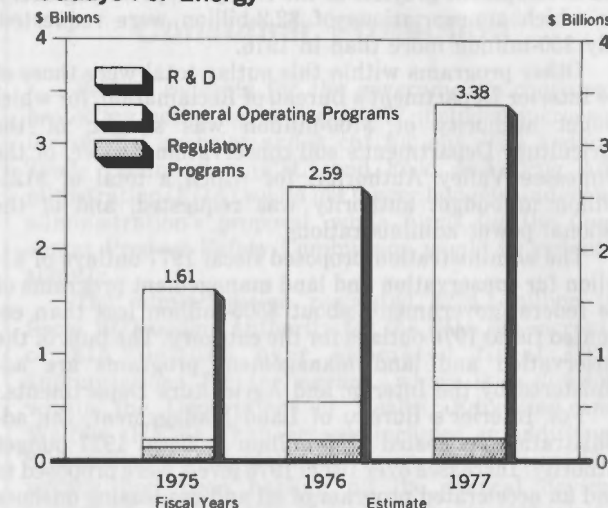
The administration proposed fiscal 1977 outlays of \$4.4-billion for federal pollution control programs, an increase of \$1.3-billion over estimated fiscal 1976 outlays.

The Environmental Protection Agency (EPA), which administers most of the programs, would take an overall funding cut under the administration's budget, however. A total of \$718-million in fiscal 1977 budget authority was requested for the agency, a reduction of \$53-million in the fiscal 1976 estimate.

The biggest reduction, \$59.7-million, would be made in the water quality program administered under the 1972 Federal Water Pollution Control Act Amendments (PL 92-500). Grants to states for water quality management planning would be cut to \$15-million, a reduction of \$38-million in the fiscal 1976 level.

In addition, the administration recommended no new contract authority for grants to states and localities for construction of sewage plants. The EPA said that about \$6-

Outlays For Energy*



* Excludes Full Effect of Energy Policy and Conservation Act

billion of the \$18-billion authorized in the 1972 act still would be unobligated at the beginning of fiscal 1977. Actual grant outlays for the year were put at \$3.8-billion, an increase of \$1.4-billion over expected fiscal 1976 outlays for sewer grants.

In an effort to direct federal water pollution grant money to the most important projects, the EPA said it would send Congress proposed amendments to the 1972 water act that would result in reduced funding of sewer projects not considered of the highest priority—such as storm sewers and facilities to accommodate future population growth. The amendments also would allow the agency to extend for up to six years the July 1, 1977, deadline set by the 1972 act for compliance with municipal water quality standards. The EPA said such postponements on a case-by-case basis were realistic because about half of all communities would be unable to meet the 1977 deadline.

The most significant increase in its fiscal 1977 budget, the EPA said, was an addition \$10.6-million for the water supply program, which funds state efforts to eliminate pollution from drinking water supplies. The program would get a total of \$42.8-million in fiscal 1977 budget authority.

The administration proposed a total of \$143.4-million in fiscal 1977 budget authority for EPA air pollution control activities, a reduction of \$2.3-million from fiscal 1976. The President repeated his 1975 request for postponement of deadlines for compliance with air pollution limits.

Solid waste program funds would be increased slightly to \$15.7-million, while noise control programs would be trimmed slightly to \$10.3-million in fiscal 1977.

The pesticide regulation program would be cut by \$4.5-million, to \$39.8-million in fiscal 1977, largely because of a phase-out of an EPA-Agriculture Department training program for pesticide use. The request included an additional \$1-million to help states enforce the greatly strengthened pesticide control law enacted in 1972. (*Details, 1975 Weekly Report p. 2551*)

Natural Resources

Federal outlays for water resources and power programs in 1977 were estimated at \$3.9-billion. The largest single item within this category was the civil water control

and development projects of the Army Corps of Engineers, for which appropriations of \$2.2-billion were requested, only \$50-million more than in 1976.

Other programs within this outlay total were those of the Interior Department's Bureau of Reclamation, for which budget authority of \$760-million was sought; of the Agriculture Department's soil conservation service, of the Tennessee Valley Authority, for which a total of \$121-million in budget authority was requested, and of the regional power administrations.

The administration proposed fiscal 1977 outlays of \$1-billion for conservation and land management programs of the federal government, about \$306-million less than estimated fiscal 1976 outlays for the category. The bulk of the conservation and land management programs are administered by the Interior and Agriculture Departments.

For Interior's Bureau of Land Management, the administration requested \$385-million in fiscal 1977 budget authority. Increases over fiscal 1976 levels were proposed to fund an accelerated program of oil and gas leasing onshore and on the Outer Continental Shelf. The department anticipated fiscal 1977 revenues of \$6-billion from the leases, double the fiscal 1976 level. The funds would be disbursed to the states and used for federal reclamation, range improvement and similar programs.

For the second year in a row, the administration did not request any funds under the Agricultural Stabilization and Conservation Service for the forestry incentives and the water bank programs. In addition, rescissions were proposed for the \$25-million appropriated by Congress for these two programs for fiscal 1976.

The administration did include a request of \$90-million for a revision of the controversial agricultural conservation program, for which it requested no funds in fiscal 1976. The administration planned to submit legislation eliminating payments to farmers for carrying out farming practices which are a normal part of their operations.

Budget requests for the Agriculture Department's Soil Conservation Service were down \$26.3-million for fiscal 1977 for a total of \$401.5-million. (The department included in its 1976 totals \$53-million in unbudgeted disaster relief funds.) The major decrease in this area was \$15.2-million for the Great Plains conservation program. No funds were requested to enter into new contracts and the administration indicated that the Great Plains program would be part of the proposed legislation reforming the agricultural conservation program. Soil Conservation Service funds requested for watershed and flood prevention operations were \$11.1-million less than fiscal 1976, with no new construction starts budgeted for fiscal 1977.

The administration requested \$42-million more in funds for the Agriculture Department's Forest Service national resource programs than in fiscal 1976. According to the department, the 1977 budget reflected the first attempt to meet the long-range planning requirements under the Forest and Range Renewable Resources Planning Act of 1974. Of the \$42-million increase in Forest Service funds, \$30-million would be for recreation, wildlife, rangeland management and other programs.

The administration proposed fiscal 1977 outlays of \$959-million for federal programs dealing with recreation, an increase of \$59-million over fiscal 1976 estimates. Most of these programs are run by the Interior Department.

For the National Park Service, the budget proposed fiscal 1977 budget authority of \$340.9-million. This included increases over fiscal 1976 totals for park operations and

construction of facilities, to be offset by reductions in grants for road construction and historic preservation projects. The department said it was particularly pleased with the requested increases of \$20-million for park operations, noting that the extra funds would help the park service cope with the expected bicentennial crowds. An extra 400 positions were budgeted for the park service staff.

The administration requested fiscal 1977 budget authority of \$300-million for the Land and Water Conservation Fund, a total slightly under the fiscal 1976 level. The fund provides grants to states and federal agencies for purchase of recreation areas and wildlife refuges.

The administration did not propose to appropriate money for the Fish and Wildlife Service special fund for acquisition of land for migratory bird refuges. Congress had provided \$7.5-million in fiscal 1976 funds for the fund over administration objections. (1975 Weekly Report p. 2773)

The proposed fiscal 1977 budget for the Interior Department also included:

- \$284.3-million in budget authority for the Geological Survey, an increase of \$11.8-million over fiscal 1976. Increases would go to research and survey projects related to energy, such as assessments of coal and uranium resources.

- \$90.1-million for the Mining Enforcement and Safety Administration, an increase of \$6.5-million over fiscal 1976. Increases would include funds for the hiring of additional mine inspectors to accommodate the growing number of coal mines and improve inspection of old mines. The administration requested fiscal 1977 budget authority of \$202.5-million for the Bureau of Mines, a net decrease of \$4.5-million from fiscal 1976. An increase of about \$5-million was requested for research programs to improve coal mining and processing technology.

Agriculture

Although total funds requested by the Department of Agriculture for fiscal 1977 were \$11.8-billion, down from \$14.7-billion for fiscal 1976, division of the budget into functions resulted in an agriculture program budget of only \$2.3-billion, down from \$4.1-billion in fiscal 1976. Food programs accounted for about two-thirds of the department's spending. (Food programs, p. 135)

The largest agriculture program drop was for funds for the Commodity Credit Corporation (CCC). Only \$944-million was requested by the department for fiscal 1977, as compared to \$2.8-billion for fiscal 1976. CCC outlays were expected to decline because of a reduction in short-term export credit needs and lower commodity loan costs. A 15 per cent reduction in flue-cured tobacco marketing quotas was expected to reduce tobacco price support loans by \$255-million. However, direct payments to farmers were expected to rise \$11-million, largely due to increased disaster payments.

Commerce/Transportation

Although the administration's \$11.7-billion budget request for fiscal 1977 Transportation Department programs represented a substantial increase over the \$8.3-billion budgeted the previous year, the transportation budget as a whole reflected President Ford's determination to hold down federal spending. Obligations (new contracts entered

into) for the Federal Highway Administration, for instance, which regularly accounts for about half the transportation budget, would be reduced by \$1.08-billion in fiscal 1977 under the administration's recommendation.

With Congress and the administration nearing agreement on a final omnibus railroad revitalization bill, the budget contained substantial new funding for rail programs. But spending for other programs, such as federal highway traffic safety and airport aid, would be held essentially to the fiscal 1976 levels. Moderate increases were proposed for the Coast Guard and for the Office of the Transportation Secretary, which conducts research and administers programs that do not fit elsewhere in the Transportation Department.

While placing a tight lid on spending on most transportation programs, the budget recommended major changes in financing, proposing to shift part of the burden for airport and inland waterway maintenance from taxpayers to users of those facilities.

Total budget authority in fiscal 1977 would increase to \$11.7-billion, from \$8.3-billion in fiscal 1976. The two figures were not directly comparable, however, since the department had not requested contract authority for some major programs in fiscal 1976; instead, it funded them with contract authority carried over from previous years. A more telling measure for comparison was estimated obligations—the amount of money the department would commit for projects in a fiscal year—which under the proposed budget would drop by more than \$1-billion in fiscal 1977, primarily because of a reduction in obligations for federal highway programs.

Federal Highway Administration

New budget authority for federal aid to highways under the proposed budget would jump to \$6.5-billion in fiscal 1977, from \$3.08-billion in fiscal 1976. The increase was accounted for by the fact that the department had requested contract authority for only the Interstate Highway System in fiscal 1976, funding other highway programs with previously existing authority.

Obligations for federal highway programs, however, would fall in fiscal 1977 by \$690-million from the previous year's level. The administration justified the reduction, which included a cutback of \$1.2-billion in interstate highway construction funds, on the ground that highway construction the previous two years had been pushed deliberately to "unusually high levels" to stimulate the economy.

In proposing new budget authority for federal highway aid of \$6.5-billion for fiscal 1977, the administration withdrew its proposal to turn over \$1-billion in revenues from the Highway Trust Fund to the states. In 1975 President Ford had submitted legislation to use monies from the trust fund, which is financed by highway user taxes and supports all federal highway programs, only for interstate highway construction and to allow states to pre-empt part of the user taxes for other highway needs. Both the House and the Senate in 1975 passed highway legislation rejecting that plan, however, prompting Ford to drop it for the time being and recommend in the new budget a continuation of the existing program.

Federal Aviation Administration

The administration recommended \$2.4-billion in budget authority for the Federal Aviation Administration

Consumer Protection

Budget requests for the government's consumer protection activities in fiscal 1977 included increases for several agencies and a cut for one. The Federal Trade Commission (FTC) and Food and Drug Administration (FDA) would get bigger budgets under the administration's proposal, while funds for the Consumer Product Safety Commission would be reduced slightly.

The administration requested \$223.1-million in fiscal 1977 budget authority for the FDA, an increase of \$15.3-million over estimated fiscal 1976 appropriations for the agency, which is a division within the Department of Health, Education and Welfare (HEW). That increase included an additional \$7.3-million for regulation of drugs and devices. The agency had been beefing up its medical devices program in anticipation of new legislation authorizing it for the first time to review these products before they are marketed. (1975 Weekly Report p. 883)

For the FTC, the administration requested \$52.8-million in fiscal 1977 budget authority, an increase of \$5.7-million over estimated fiscal 1976 appropriations for the agency. The major increase was to be used for antitrust activities. The commission said these would focus on encouraging competition in the energy, food and health care industries, "which exhibit high concentration and rapid price rises."

The administration requested appropriations of \$4.2-million for the FTC's fiscal 1977 economic programs, a total comparable to the fiscal 1976 estimate. The commission said its most important activity in this area would continue to be its "line-of-business" survey, begun in 1974 in an attempt to analyze industry profits by product. Underlining the controversial nature of the project, the budget request stipulated that no funds could be used to pay salaries of FTC employees who violated strict limits on the use and disclosure of the information gathered.

The administration requested \$18.7-million in fiscal 1977 appropriations for the FTC's consumer protection activities, a slight decrease from estimated fiscal 1976 appropriations.

The Consumer Product Safety Commission, an independent agency that establishes and enforces safety standards for commercial products, did not fare as well in the administration's fiscal 1977 budget request. Appropriations of \$37-million were requested for the commission, down \$4.8-million from estimated fiscal 1976 appropriations. The reductions, which would be spread relatively evenly among the agency's programs, were made because there were "substantial" funding increases in 1975, the administration said.

Among other government consumer programs, the administration requested \$1.6-million for HEW's Office of Consumer Affairs, a figure comparable to the estimated fiscal 1976 appropriations. The office is headed by Virginia H. Knauer, special assistant to the President on consumer affairs. The General Services Administration requested \$1.1-million for its Consumer Information Center, which publishes and distributes documents on federal consumer services.

(FAA) in fiscal 1977, an increase of \$99-million over the previous year. The slightly higher level was accounted for primarily by proposed increased spending for air traffic control and air navigation, reflecting growing national concern over the rash of aircraft near-collisions in 1975. Budget authority for federal aid to airports would remain at the \$350-million provided in fiscal 1976.

To correct what it said were inequities in federal aviation program funding, the administration proposed legislation to place a greater share of the funding burden on users of air facilities. Where currently the FAA's operation and maintenance of FAA air traffic control and navigation services are paid two-thirds from general revenues and one-third from such user taxes as an 8 per cent airline ticket tax, the proposed legislation would change the ratio to 50-50.

Railroads

Excluding appropriations for one-time obligations in fiscal 1976, budget authority for railroad programs in fiscal 1977 would increase over last year's level by \$165-million. Most of the added spending would go to finance upgrading of passenger service in the Northeast corridor from Washington to Boston (\$125-million) and to subsidize light-density freight lines that were not included in the new Conrail system (\$70-million). Start-up funds for Conrail, the quasi-governmental system that in 1976 was to take over operations of seven bankrupt lines, would be authorized in the pending omnibus rail legislation and appropriated in a later measure.

The administration recommended \$483.7-million in operating and capital subsidies for the National Railroad Passenger Corporation (Amtrak), but, in a recommendation certain to be controversial, called for a \$378-million ceiling on operating grants. Although the total represented an increase of \$43.7-million over fiscal 1976, the administration pointed out that operating grants would not be enough to meet estimated costs and said Amtrak would have to weed out its most inefficient routes.

Urban Mass Transportation Administration

Since contract authority for mass transportation programs had been authorized in previous legislation through fiscal 1980, the administration proposed no new budget authority. For mass transportation capital and operating expenses authorized under the earlier legislation, the budget estimated total obligations at \$2.5-billion, including \$575-million in funds expected to be transferred by cities from their accounts for interstate highway projects. Appropriations to liquidate the contract authority would have to be acted on as the obligations became due.

To promote long-term capital investment and to limit spending, the administration proposed that the amount of mass transit funds that localities could use for operating expenses be limited to 50 per cent. Administration officials charged that transit operators had abused the 1974 law permitting them to use mass transit money for operating expenses. Up to 90 per cent of funds primarily intended for capital needs had been diverted to run existing systems, according to the administration. The change would require legislation and was expected to meet stiff resistance.

Waterways

The administration said it was preparing legislation to impose user charges on water barges and other carriers who

use the federally maintained inland waterways for commercial transportation. Noting that water carriers were the only major commercial transporters who did not have to pay user costs, Transportation Department officials said the legislation would recover \$80-million of the \$300-million cost of waterway maintenance in fiscal 1977.

Transportation Regulatory Agencies

To promote modernization and streamlining of transportation regulation, the budget provided increases in the operational authority of the Civil Aeronautics Board (CAB) and the Interstate Commerce Commission (ICC). The proposed \$21.7-million budget authority for the CAB—\$1.8-million more than in fiscal 1976—would permit new hiring and provide for new emphasis on cutting procedural delays, changing rate-making criteria and analysis of agency policy. Similar reform initiatives would be promoted through \$54.7-million in ICC budget authority, although staff would be reduced under the proposal. The fiscal 1976 ICC budget authority had been \$50.8-million.

Postal Service

For mail delivery, subsidized mail and personnel costs of the U.S. Postal Service, the administration proposed \$1.5-billion in new budget authority for fiscal 1977, a reduction of \$128-million from the previous fiscal year. The Office of Management and Budget rejected a Postal Service request for \$307-million to continue subsidizing the mailing costs of magazines, newspapers and other publications, saying those costs would have to be absorbed through higher rates. Because the Postal Service is an independent corporation, its subsidy was treated as an off-budget item and was not reflected in the administration's total budget figures.

Community and Regional Development

Proposing to channel most of the extra money to metropolitan areas, the Department of Housing and Urban Development (HUD) asked for a \$450-million increase for the community development block grant program created by Congress in 1974. HUD requested a total of \$3.25-billion for the program in fiscal 1977.

Communities used the funds to carry out activities funded before 1974 under categorical programs like urban renewal. HUD estimated that \$2.5-billion of the requested fiscal 1977 would be distributed to metropolitan areas and \$578-million would go to rural areas. The administration asked for another \$100-million to make special grants to communities having trouble meeting urgent development needs.

Following congressional directions, HUD planned to set aside about \$200-million for the total amount for grants to small towns within metropolitan areas that received little funding during the first year of the program because of higher-priority requests from urban counties.

In a move likely to face opposition in Congress, HUD also proposed to reduce funding for comprehensive planning of community development activities to \$25-million from \$75-million in fiscal 1976. It also proposed to end a loan program (Section 312) for the rehabilitation of urban housing. The administration argued that block grant funds were available for these activities.

Housing: Continuation of Existing Programs

The administration proposed no major new efforts in the housing areas, asking instead for continued and fairly steady funding for existing programs. In all, the Department of Housing and Urban Development (HUD) estimated that it would approve federal subsidies for about 506,000 units of housing in fiscal 1977, about 50,000 less than it planned to approve in fiscal 1976 and the transition quarter between the two fiscal years.

HUD said it would ask Congress to approve \$850-million in new contract authority for the rental subsidy program (Section 8) for lower-income families created by the 1974 housing act (PL 93-383). When combined with authority carried over from fiscal 1976, this amount would allow HUD to reserve contracts to subsidize rents on about 400,000 units of housing. About 165,000 of these units would be in existing housing.

Because contracts for the subsidized rental programs ran for 15 to 40 years, the requested contract authority would translate into total budget authority to spend about \$16.6-billion. These funds were included in the budget under the functional category of income security.

Using money remaining from \$264-million in available funds for a homeownership subsidy program (Section 235) it released in October 1975, HUD also planned to subsidize mortgage payments for about 100,000 moderate-income families in fiscal 1977. The administration did not ask for any additional funding authority to continue the program after available funds were exhausted. HUD also proposed to keep rent supplement and rental subsidy (Section 236) programs suspended in early 1973 in a dormant state. (*Funds released, 1975 Weekly Report p. 2259*)

The only other proposed program that would provide any new housing assistance in fiscal 1977 would subsidize production of 6,000 units of conventional public housing for Indians.

The department also indicated that it would propose legislation allowing it to compute tenant income the same way in both the Section 8 programs and conventional low-income public housing programs.

HUD estimated that federal payments for the operation of existing public and other subsidized housing programs would reach \$3-billion in fiscal 1977, up about \$750-million from fiscal 1976. Under the provisions of the 1974 budget reform act, however, this amount did not show up as a line item in the budget because it constituted appropriations to liquidate previously approved contract authority.

Another program (Section 202) excluded from the budget totals by law would provide up to \$375-million in fiscal 1977 for loans to developers of low-cost subsidized housing for the elderly and handicapped. The fiscal 1976 loan limit also was \$375-million.

Arguing that the housing industry would continue to recover gradually from a slump that began in mid-1973, the administration proposed no extension of a 1975 emergency housing program indirectly subsidizing mortgage interest rates. The program will expire July 1.

The 1975 act (PL 94-50) allowed HUD to buy up to \$10-billion in mortgages at subsidized interest rates. On Jan. 6, HUD agreed to release \$3-billion of \$5-billion appropriated by Congress for the program for purchases of federally insured, multi-family housing. The budget indicated that HUD would decide whether to release remaining funds "should economic conditions deteriorate to the point where the housing industry is severely affected."

The administration asked for budget authority of \$975.5-million in fiscal 1977 to finance the operation of housing insurance programs run by the Federal Housing Administration (included in the budget under the functional category of commerce and transportation).

In other housing activities, HUD requested \$15.8-million to continue an experimental program providing cash housing allowances to the poor. The total request for all research and policy development programs (in the functional budget category of community and regional development) was \$71-million. HUD also indicated that it would continue a moratorium on new commitments under the new communities program subsidizing development of model towns.

Community Services Administration

The administration proposed to kill recreation and food programs for the poor established by the Office of Economic Opportunity (OEO), arguing that they duplicated other federal efforts. In all, requested funding for the Community Services Administration, which took over OEO programs in 1974, dropped to \$334-million, a \$92-million reduction in fiscal 1976 funding requested by the administration and about \$160-million less than Congress approved in an appropriations bill (HR 8069) for the program vetoed by the President in late 1975.

Because existing law required state and local sources to pick up a larger share of program costs in fiscal 1977, the administration proposed to cut funding for basic local community action programs for the poor to about \$260-million, about \$100-million less than funding obligated for the programs in fiscal 1976. The House passed legislation (HR 8578) on Nov. 19, 1975, that would block the increase in

funding costs for state and local governments. (*1975 Weekly Report p. 2595*)

The budget requested \$93.9-million for volunteer programs serving the needy run by ACTION, a \$7.5-million reduction.

Other Development Programs

The administration requested almost \$249-million for the Economic Development Administration, the bureau within the Department of Commerce that coordinated development in economically depressed areas of the country. The amount was about \$136-million less than the amount appropriated in fiscal 1976. The administration said the cut reflected "primarily the need for budget restraint and recognition that although each project helps the particular community that receives it..., the program will have limited effect in stimulating long-term economic development...."

The proposed cut runs counter to the sentiment expressed by Congress in a bill (HR 5247) awaiting final action which would step up funding for a working capital loan program administered by the administration and set up a demonstration program giving economic development aid to cities. (1975 Weekly Report p. 2793)

Under the Farmers Home Administration, the administration did not request fiscal 1977 funds for rural water and sewer grants, rural development grants or rural community fire protection grants. In addition, a rescission was requested for \$125-million in fiscal 1976 water and sewer grants.

Disaster Assistance

The budget asked for a \$100-million appropriation in fiscal 1977 for disaster relief assistance, down \$50-million from fiscal 1976. HUD also asked for \$100-million in fiscal 1977 to carry out studies and surveys needed to implement the national flood insurance program.

Indian Programs

The administration requested \$32.9-million in new funds to implement the Indian Self Determination Act (PL 93-638), which took effect in 1975 and would become fully operational in fiscal 1977. The money would be used to help strengthen tribal governments so they could assume responsibility for many Indian programs administered by the Bureau of Indian Affairs.

The administration also proposed doubling the funds available for the Indian Loan Guaranty program in fiscal 1977—to \$20-million. But it proposed deferring until fiscal 1978 further spending on public school construction grants for Indian areas.

Education/Labor/Social Services

EDUCATION

President Ford's budget requests for federal education programs totaled \$6,916,000,000. If the fiscal 1976 appropriations were adjusted downward by the \$1.3-billion he also requested in rescissions, that \$6.9-billion figure would be \$465-million more than the funds available in fiscal 1976.

However, if the rescissions were not enacted—and few observers believe they would be—the fiscal 1977 request was about \$500-million less than the fiscal 1976 appropriation. Further, if additional funding for the education program consolidation and for forward funding of vocational education were not included, the fiscal 1977 request would be \$1.3-billion below the fiscal 1976 appropriation and about the same amount as requested in fiscal 1976.

Education Block Grants

Almost half of the total education request—\$3.3-billion—was earmarked for Ford's major proposal to consolidate 27 categorical grant elementary and secondary education programs into one single block grant to the states. The third of a troika of consolidations which included health and nutrition programs, the education consolidation, in the words of Virginia Y. Trotter, assistant secretary of health, education and welfare (HEW) for education, represented the administration's belief that "the

nation as a whole must contribute to the national commitment to provide equal education opportunity."

The 27 programs were grouped under four main headings: education to the disadvantaged, education for the handicapped, vocational education and library resources. Although the legislative proposal had not been finalized, the Office of Education said the funds would be allocated to the states on a formula basis that would ensure that they would receive no less money in fiscal 1977 than in fiscal 1976. Three-fourths of the money would have to be spent on education programs to aid the economically disadvantaged and the handicapped. Three-fourths of the money also would have to be passed through to the local school districts. Office of Education officials said they hoped to submit consolidation legislation to Congress by Feb. 1.

Line item requests for the programs folded into the block grant, submitted in the event that Congress did not approve the consolidation, totaled \$3,037,000,000—\$260-million less than the amount appropriated for the same 27 programs in fiscal 1976. If the consolidation were enacted, the administration would request another \$263-million to be distributed to the states. Among the line items, the administration requested a \$150-million cut in aid to the disadvantaged and a discontinuation of aid to public and college libraries.

The budget also requested an additional \$539-million appropriation for vocational education so that the program would be forward funded—that is, the appropriation would be made in one year but not actually obligated until the following year. Most education programs were forward funded to give school administrators an opportunity to work federal aid into their school budgets.

It would appear that Congress would not approve the consolidation in 1976. It was very cool to a Nixon administration education revenue sharing proposal and Office of Education officials acknowledged that Ford's proposed consolidation was a larger version of that earlier program.

Furthermore, Congress will be involved in extending and amending higher education programs which expire June 30. Although authorizations for some library aid and for vocational education assistance also expire June 30, Congress was unlikely to review the entire gamut of federal education aid in a single legislative session.

Impact Aid

Once again Ford proposed a revision of the impact aid program that would provide payments to school districts only in behalf of those students whose parents both lived and worked on federal property. Payments would not be made for students whose parents worked for the federal government but lived on private property or in public housing, categories which were eligible for the payments under existing law. The program was designed to lessen the impact of the federal government's presence in a community.

In line with that proposal, Ford requested only \$325-million for impact aid, compared to the \$680-million appropriated in fiscal 1976. Although every President since Truman had attempted to cut back impact aid, Congress had insisted that it continue. The program affects almost every school district in the nation.

Emergency School Aid

Ford requested \$249.7-million for emergency school aid to desegregating school systems, an \$8-million increase over

the fiscal 1976 appropriation and almost \$150-million over the \$101.7-million Ford requested in fiscal 1976. The entire increase would go for technical assistance to schools implementing desegregation plans.

Other Programs

As he had in 1975, Ford again asked for termination of the drug abuse education and environmental education programs. He also requested cuts in aid for bilingual education, Right to Read, Followthrough and educational broadcasting facilities.

Student Assistance

The budget request again emphasized the administration's determination to place reliance for student assistance on the basic educational opportunities program (BEOG), the college work-study program and the guaranteed student loan program. As in previous years the administration requested no funds for the supplemental opportunity grant program or for capital contributions to the national direct student loan program. It also asked that fiscal 1976 appropriations for the two programs be rescinded.

For the BEOG program, the administration requested \$1.1-billion for grants to almost 1,300,000 students in the 1977-78 school year. The average grant was expected to be \$854.

For college work study, the administration requested \$250-million, compared to \$509.8-million available in fiscal 1976. The appropriation had been increased in fiscal 1976 to help students affected by the nation's economic downturn, but the fiscal 1977 request was still \$50-million lower than the fiscal 1975 appropriation.

Ford also proposed that the federal share of wages paid under the program be dropped to 70 per cent, from 80 per cent, in fiscal 1977 and to 50 per cent by fiscal 1979.

For interest subsidies on the guaranteed student loan program, the administration requested \$400-million. Another \$52-million would be available from unused fiscal 1975-76 funds. Ford said he would propose legislation raising the maximum interest rate on guaranteed student loans to 11 per cent, from 10 per cent, and the interest the student must pay on a subsidized loan to 8 per cent, from 7 per cent.

Because of money left over from previous fiscal years, the administration requested no additional funds to pay for student defaults on loans. The Office of Education said it expected default claims to total \$142-million in 1977, compared to \$132-million in 1976. It also said that 200 additional positions would be opened in 1977 to monitor the student loan and other student assistance programs to reduce abuses.

Institutional Aid

The administration requested funding for only three institutional aid programs: developing institutions (\$110-million), language training and area studies (\$10-million) and cooperative education (\$8-million). No requests were made for aid to land-grant colleges, university community services, veterans cost-of-instruction payments or state postsecondary education commissions.

National Institute of Education

The administration requested \$90-million for the National Institute of Education, the basic federal education research arm. The institute had a \$70-million appropriation in fiscal 1976.

EMPLOYMENT AND TRAINING

The fiscal 1977 budget requests for the Department of Labor totaled \$11.1-billion, including a \$5-billion advance from general revenues to the unemployment trust fund accounts. A similar \$5-billion appropriation was made in fiscal 1976 to provide loans to states that exhausted their own unemployment fund reserves, to help pay extended benefits to persons permanently covered under the system and to pay benefits to those persons only temporarily covered under legislation passed in 1974 (PL 93-567).

The administration estimated that the national unemployment rate for fiscal 1976 would average 8.1 per cent and that unemployment compensation outlays in the fiscal year would be \$18.4-billion. In fiscal 1977, the average unemployment rate was estimated at 7.1 per cent with outlays projected at \$15.9-billion.

Because the administration was supporting legislation it proposed in 1975 reforming the jobless benefit system, it did not ask for an extension of either PL 93-567 or a second bill that awarded a total of 65 weeks of benefits to unemployed workers in areas with extremely high jobless rates. Both laws were scheduled to expire at the end of 1976. (Jobless benefit reform legislation, Weekly Report p. 45)

Public Service Jobs

The administration requested a supplemental appropriation of \$1.7-billion in fiscal 1976 to maintain about 260,000 temporary public service jobs (also authorized under PL 93-567) through the end of 1976 and to begin a phase-out of that program in January 1977 that would be completed by October 1977.

The Labor Department said the phase-out was "consistent with general expectations as to the pace and direction of economic recovery," but it was likely to be unpopular with congressional Democrats who were poised to push legislation extending the temporary public service jobs program.

Under the Ford phase-out proposal, most of the funds would be concentrated in areas where the jobless rate was above 6.5 per cent. The federal contribution toward a public service employee's salary would be limited to \$7,000, compared to the existing \$10,000 limit.

In fiscal 1976, Ford agreed to a \$1.6-billion appropriation for 260,000 temporary public jobs slots after vetoing a bill that contained that appropriation and funding for several other job-creating programs. Also available was \$400-million for Title II of the Comprehensive Employment and Training Act (CETA), the permanent public service jobs program designed to serve as a transition between training and permanent employment.

In fiscal 1977, Ford again requested \$400-million for that program. He also asked for \$1.6-billion for training assistance, the same amount requested in fiscal 1976. Congress appropriated that amount but Ford vetoed the Labor-HEW appropriations bill (HR 8009) as too expensive; the House has scheduled an override vote for Jan. 27. Meanwhile, labor, health and welfare programs were being funded under a continuing appropriations resolution.

Summer Jobs

The administration said it would request supplemental fiscal 1976 and fiscal 1977 funds for summer youth jobs as soon as projection figures became available. It estimated that the fiscal 1976 request would be \$440,300,000 to fund

some 740,000 nine-week part-time jobs for youngsters aged 14 to 21 and that the fiscal 1977 request would be \$400-million for 672,000 jobs. For the summer of 1975, Congress appropriated \$473,350,000 for 840,000 jobs. The administration said its fiscal 1976 request was "approximately equivalent" to the 1975 level, "allowing for an improvement in the unemployment rate for youth."

Work Incentive Program

The administration promised to propose a major redirection in the Work Incentive Program (WIN), managed jointly by the Departments of Labor and HEW. That proposal would eliminate job training for employable recipients of Aid to Families with Dependent Children (AFDC) and would shift the focus of the program entirely to placing such persons in jobs. WIN participants needing job training would be referred to the appropriate CETA program.

To ensure a smooth transition, the administration requested \$315-million for the existing program, compared to \$400-million in actual and pending fiscal 1976 appropriations. If legislation enacting the proposal were passed, the administration said it would request that the \$315-million be reduced by \$55-million to reflect the elimination of job training services.

Occupational Safety and Health

The administration asked for \$127,970,000 for the Occupational Safety and Health Administration. An appropriation of \$116,221,000 was pending in the vetoed Labor-HEW bill. The request increased funding for health standards development and enforcement by \$2-million, reflecting, the Labor Department said, "a growing national concern with occupational health programs." The request also contained \$19.7-million for educational and consultation services, a \$7-million increase over the pending fiscal 1976 appropriation.

Older Americans Employment

As he had the previous year, Ford requested no funds for Community Service Employment for Older Americans. Congress appropriated \$30-million for the program in fiscal 1976.

Job Opportunities

The President asked for termination of the Job Opportunities program enacted in 1974 to channel federal funds quickly to labor-intensive public works projects. Ford had opposed the program since its inception. In fiscal 1976, \$374-million was available for the program. Pending in Congress was a bill (HR 5247) to extend the program, which expired at the end of 1975, through the end of September 1976 and to authorize \$500-million for its operation. (1975 Weekly Report p. 2792)

SOCIAL SERVICES

In a move to loosen federal control of tax dollars, the administration proposed to replace social services programs for welfare recipients and lower-income families with a \$2.5-billion block grant program run by the states. The existing programs, expected to cost the federal government \$2.3-billion in fiscal 1976, provided training for those administering welfare programs, and day care and other services for the poor.

Under existing law, states must pay 25 per cent of the cost of social services programs supported by federal funds and observe restrictions on the use of funds. Funded activities also must comply with federal rules for program operation. The block grant proposal would eliminate the matching requirement and drop most of the federal restrictions on use of funds. But states still would have to target most of the assistance on families with incomes below the poverty line.

Other Assistance Programs

The budget requested a \$40-million increase over fiscal 1976 funding of \$736-million for rehabilitation programs for the handicapped. Funding proposed for programs serving children and the elderly would remain relatively stable.

Health

In keeping with his general budget goals, President Ford opposed immediate action on national health insurance legislation and asked Congress to approve a proposal to consolidate 16 health programs including Medicaid into a state-run block grant program. Ford also proposed to protect elderly Medicare patients against the cost of a long-term illness, but asked them to pay a larger share of bills for short-term care.

Excluding Medicare and Medicaid, the administration requested \$4.96-billion for health programs in fiscal 1977. This amount was \$222-million above the President's fiscal 1976 budget request for health, but \$432-million below fiscal 1975 funding. The fiscal 1976 health appropriations bill (HR 8069) vetoed by the President in December 1975 also increased some of the administration's budget requests. An override attempt was scheduled for Jan. 27. (1975 Weekly Report p. 2732)

National Health Insurance

Dashing already dim prospects for creation of a health insurance program in 1976, Ford argued in his Jan. 19 State of the Union message that "we cannot realistically afford federally dictated national health insurance providing full coverage for all 215 million Americans." (Prospects, Weekly Report p. 103)

Leaving himself some leeway in an election year, however, Ford did not rule out future support for some sort of national health insurance. "...I do envision the day when we may use the private health insurance system to offer more middle-income families high quality health services at prices they can afford and shield them also from catastrophic illness," he said. (Text, p. 144)

Health Block Grant Program

Arguing that many health programs overlapped, divided health dollars unevenly among the states and prevented states from setting their own funding priorities, the administration proposed to give the states block grants to replace spending on Medicaid and 15 smaller categorical health programs.

The budget requested \$10-billion for the block grant program in fiscal 1977. If it had not proposed the new program, the administration indicated that it would have requested funding of \$9.3-billion for Medicaid and about \$900-million for the other 15 programs: community mental health centers, alcoholism and alcohol abuse prevention,

venereal disease prevention, immunization, rat control, lead-based paint poisoning prevention, developmental disabilities, health planning, medical facilities construction, community health centers for the poor, maternal and child health, family planning, migrant health, emergency medical services and general health services grants to the states.

The Department of Health, Education and Welfare (HEW) spent about \$1.27-billion on the 15 categorical programs in fiscal 1975, so over-all federal funding available in previous years for these programs would be reduced.

The proposal also would drop rules for the existing programs that required state and local governments to match some federal funds with their own money, so total spending on the programs also could drop.

HEW would distribute the funds according to a formula giving the most weight to a state's low-income population. No state would lose funds in fiscal 1977 and the formula would be phased in, but eventually the proposal would reduce funding to some northern, wealthier states and increase funding to poorer states.

In general, states would be free to spend the money as they wished, but they would have to devote at least 90 per cent of the funds to activities financed under Medicaid and the 15 existing programs.

They also must spend at least 5 per cent of the federal funds on community-based health services and programs aiding the developmentally disabled, including the mentally retarded.

Community-based drug abuse treatment and prevention programs were excluded from the block grant proposal, primarily because continued federal control would allow the administration to coordinate these efforts with proposed changes in drug enforcement activities.

HEW also would continue to run programs aiding development of health maintenance organizations (HMOs), at a requested spending level of about \$20-million in fiscal 1977.

Congress was likely to oppose the proposal, given the political popularity of and lobby support for the various categorical programs. Sen. Edward M. Kennedy (D Mass.), chairman of the Labor and Public Welfare Health Subcommittee, called the plan "ill-conceived, ill-advised and unworkable." Congress may not even consider the proposal in 1976, because it completed action in 1975 on legislation (PL 94-63) overhauling and extending many of the programs included in the block grant plan. (1975 Weekly Report p. 1668)

Medicare

Ford proposed to limit out-of-pocket payments under Medicare to \$500 per benefit period for hospital costs and \$250 per year for physician services. But in exchange, he asked the elderly to pay more for initial coverage under Medicare.

The proposal would require Medicare patients to pay \$104 for their first day of hospital care and 10 per cent of the costs for each succeeding day up to the \$500 limit. Under existing law, patients paid the \$104 for the first day and nothing for the second through 60th day of care. The proposal also would boost the initial deductible under the part of the Medicare program covering physician services to \$77 from \$60 and then require patients to pay 10 per cent of bills for hospital-based physician care and home health services up to the \$250 limit.

The administration estimated that the fiscal 1977 cost of the program to protect Medicare beneficiaries against the cost of a "catastrophic" illness would be \$538-million. But the new cost-sharing proposals would reduce expected Medicare spending by \$1.86-billion. In a move certain to arouse the opposition of the medical community, the proposal also would restrict annual increases in bills reimbursed under Medicare to 7 per cent for hospitals and 4 per cent for physicians. This move would save \$909-million in fiscal 1977.

If approved, the proposal would cut \$2.2-billion from estimated outlays of \$21.9-billion for Medicare in fiscal 1977. Spending for Medicare in fiscal 1976 was expected to reach \$17.7-billion.

But congressional approval was unlikely. Congress did not even consider similar cost-sharing proposals first promoted by former President Nixon in early 1973. Ford tried in 1975 to couple the cost-sharing proposal with a "catastrophic" plan similar to the one proposed in the fiscal 1977 budget, but Congress again showed no interest in the idea.

Health Research

The administration requested budget authority of \$2.16-billion in fiscal 1977 for the National Institutes of Health, HEW's biomedical research arm. The proposed funding was about \$185-million above the administration's budget request for the institutes in fiscal 1976, but only slightly above the fiscal 1975 funding level.

For the first time in many years, the budget did not propose a major increase in funding for the National Cancer Institute. Requested funding would keep the cancer research program relatively stable. The administration asked for a \$38-million increase in the fiscal 1976 budget request for the National Heart and Lung Institute and smaller across-the-board boosts in funding for the other research institutes.

Health Manpower

In line with health manpower legislation (S 2748) it proposed in late 1975, the administration requested cutbacks in funding for assistance to medical schools and students in the health professions. The proposed manpower program would provide \$120-million for basic support to medical and dental schools that agreed to set aside 20 per cent of the positions in their 1978-79 first-year class for students who agreed voluntarily to practice in areas with physician shortages.

The budget requested another \$128-million for special projects in the health manpower area, \$36-million for aid to nursing students and \$35-million for scholarships for students agreeing to practice in medically underserved areas.

The proposal would eliminate any federal support for the construction of medical teaching facilities.

Public Health Service Hospitals

Setting the stage for another battle with Congress, the administration proposed legislation that would allow it to shut down or transfer control of eight Public Health Service (PHS) hospitals primarily serving merchant seamen. President Nixon lost a bid to close the hospitals in 1973 after Congress blocked a similar proposal. (1973 Almanac p. 494)

Income Security

Social Security

Heading warnings that the Social Security system would deplete its reserves by the early 1980s without new financing, President Ford proposed that the tax paid by employers and employees to finance the retirement system be increased by .6 per cent, from a rate of 11.7 per cent to a rate of 12.3 per cent.

The employer and the employee would each pay half, or 6.15 per cent. The increased tax rate would be effective Jan. 1, 1977, when the maximum taxable wage base already was scheduled by law to increase to an estimated \$16,500 from \$15,300.

The increased tax rate would add \$22.54 to the average worker's tax bill in 1977, the administration said. The increase in the tax rate, together with the already mandated increase in the wage base, would mean that a worker earning \$16,500 or more would pay a total of \$1,014.75 in Social Security taxes in 1977, compared to a maximum tax of \$895.05 in 1976. Of the \$119.70 increase, \$49.56 would be attributable to the proposed tax rate increase. The .6-per-cent tax increase was expected to increase revenues for the Social Security trust fund by \$3.5-billion.

Although House Ways and Means Committee Chairman Al Ullman (D Ore.) said Jan. 17 that there was "no alternative" to enacting the tax increase, there could be a debate in Congress over it. During 1975 hearings on the fiscal soundness of the Social Security system, several witnesses opposed a tax increase in favor of a larger increase in the taxable wage base or an infusion of general revenues. Ford flatly rejected the use of general revenues in his budget briefing Jan. 20. The proposed tax increase also was likely to be politically unpopular in an election year.

The administration made three other proposals aimed at reducing Social Security expenditures by \$826-million in fiscal 1977. These proposals would 1) prohibit the payment of retroactive benefits in a lump sum if that payment would permanently reduce the amount of the recipient's monthly benefits, 2) apply the retirement test (under which benefits are reduced by a certain amount for extra income earned) on an annual rather than a monthly basis, and 3) phase out benefits paid to students aged 18 to 22. Such students could

receive aid under federal student assistance programs, the administration said.

To balance the long-term deficit projected for the Social Security system, the administration said it would also propose a formula that would stabilize the relationship of benefits to the wages earned immediately prior to retirement. Under existing law, benefits could eventually exceed wages earned before retirement. The administration said this change would eliminate about half of the anticipated long-range deficit.

Ford did not reintroduce his 1975 proposal to hold cost-of-living increases in Social Security benefits to 5 per cent. The limitation was so unpopular in 1975 that the President could not find any member of Congress to introduce it as legislation.

The President requested \$6.7-billion for the Social Security Administration in fiscal 1977. All of those funds, including \$5.1-billion for the part of the Medicare program that covered physician's costs, were required to be appropriated annually under law. (*Medicare, p. 133*)

Supplemental Security Income

For the Supplemental Security Income program (SSI), the budget request was \$5.9-billion, compared to a pending fiscal 1976 appropriation of \$5.5-billion. SSI, which replaced state programs for the aged, blind and disabled, had been plagued by overpayments, estimated at \$547-million in the first two years of operation. Most of the overpayments could not be recovered, the Social Security Administration has said. HEW estimated that case error rates would fall to 15 per cent in fiscal 1977, compared to 25 per cent in 1975.

Black Lung Benefits

The federal government projected a downturn in black lung (pneumoconiosis) benefit claims, requesting \$913,897,000, compared to \$999,778,000 in fiscal 1976. The number of recipients was expected to decline from an estimated 493,000 in fiscal 1976 to 470,000 in fiscal 1977.

Welfare

President Ford asked Congress for authority to pave the way for coordinated administration of welfare programs, but did not support any major overhaul of the nation's welfare system in the coming year. However, taking a dig at a plan pushed by Republican presidential contender Ronald Reagan, Ford also insisted that the federal government could not turn welfare programs over to the states.

"Complex welfare programs cannot be reformed overnight. Surely we cannot simply dump welfare into the laps of the 50 states, their local taxpayers or private charities and just walk away from it," he argued in his Jan. 19 State of the Union message. "Nor is it the right time for massive and sweeping changes while we are still recovering from a recession."

Administration officials recognized that the existing welfare system treated families in similar circumstances inequitably, provided no coordination of eligibility standards and created disincentives to work. But they argued that piecemeal efforts to correct problems in certain programs ignored the interrelationship of welfare programs, while massive reform measures had little hope of winning congressional approval because of their complexity.

As an intermediate step, the administration proposed an Income Assistance Simplification Act. The legislation would give the administration the authority to change eligibility requirements, income computation rules, benefit structures and other organizational aspects of welfare programs. Congress could disapprove any proposed change. The administration could use the authority to alter programs providing cash or in-kind benefits on the basis of income, but it could not alter Social Security, unemployment compensation or other "earned" benefit programs. Food stamps and subsidized housing were examples of in-kind benefit programs.

Even though the administration could not reduce the total amount of funding devoted to income assistance programs, White House officials argued that the proposal would result in administrative savings. Authority to make changes in the programs would expire after five years. Ford said Jan. 20 that he might consider appointing a welfare "czar" to coordinate changes.

While certain to support the objectives of the administration proposal, Congress definitely will think twice about relinquishing that much control to the executive branch. Congress also was not expected to give much serious consideration to broad welfare revision proposals in an election year.

While seeking authority to coordinate all income assistance programs, the administration also requested specific legislative changes in the largest welfare program, aid to families with dependent children (AFDC). Estimated fiscal 1977 federal spending for the AFDC program was \$6.2-billion, up from \$5.9-billion in fiscal 1976. The budget estimated that 11.3 million individuals would receive benefits in fiscal 1977 under the AFDC program, which was partially funded by state and local governments.

The requested legislation would cut expected spending by an estimated \$256-million. It would establish a standard formula for federal AFDC payments to the states, set uniform rules for the treatment of income and work-related expenses considered when determining eligibility for benefits, and require states to revise eligibility regulations to take income from a stepparent into account. The first two proposals, carried over from the fiscal 1976 budget because of congressional inaction, would reduce federal AFDC subsidy levels in about a dozen states and set tougher eligibility requirements for families not in the lowest-income bracket.

Even without legislative action, the Department of Health, Education and Welfare predicted that continued efforts to reduce payment and ineligibility errors would save \$240-million in AFDC program costs in fiscal 1977.

Food Programs

Food Stamps. The administration requested a reduction in funds for the food stamp program for fiscal 1977. The \$4.7-billion request, based on proposed reforms of the program pending before both House and Senate Agriculture Committees, was almost \$1-billion less than the \$5.6-billion expected to be expended in fiscal 1976. The administration had proposed legislation aimed at reducing the eligibility of middle-income persons and concentrating the food stamp program on the neediest.

Child Nutrition Programs. For the second year in a row, the administration proposed eliminating the special milk program and consolidating the existing categorical child nutrition programs into a block grant program to the

states, with the intention of reducing program overlap and eliminating aid to non-needy children. Although legislation had not yet been forwarded to Congress, the budget request for the revised block grant program was \$2-billion, compared to an expected \$3-billion under existing law. A similar proposal was rejected by Congress in 1975.

Veterans

The administration requested \$17.7-billion in new budget authority for the Veterans Administration (VA) for fiscal year 1977, up \$1.5-billion from its fiscal 1976 request. Outlays of \$17.2-billion were projected.

The largest amount in this category was \$8.5-billion earmarked for compensation and pension programs. The largest increase was in proposed funding for medical programs, up \$274.2-million from the fiscal 1976 appropriation to \$4.4-billion. With these funds, the VA would be able to complete increases in medical staff and improvements in facilities recommended by a 1974 survey. Education and training funds in the request totaled \$4.2-billion.

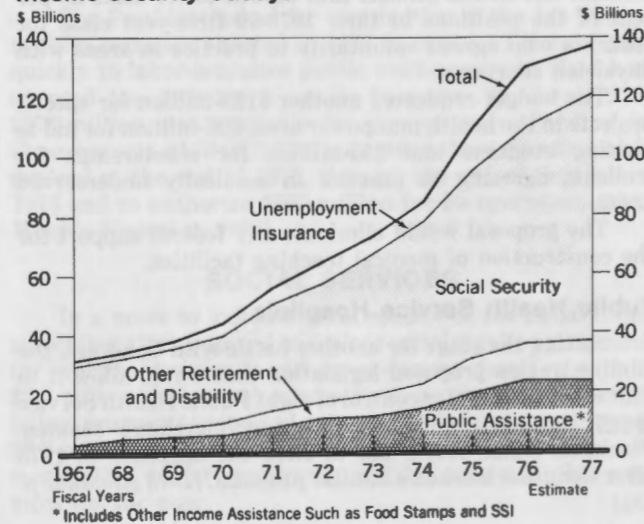
Arguing that the education benefits of the GI Bill were incompatible with the philosophy of the all-volunteer armed forces, the President urged that the Senate approve HR 9576, passed by the House Oct. 11, 1975, which would terminate that program. Ford also proposed a program of grants to the states to construct and operate veterans cemeteries.

Law Enforcement and Justice

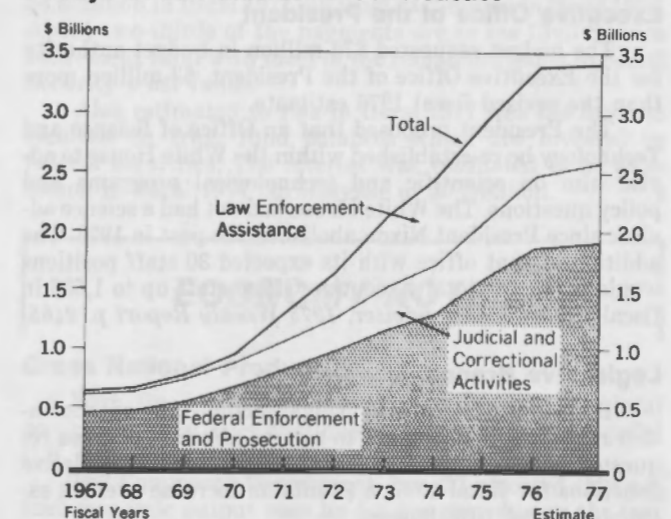
As in fiscal 1976, budget requests for the Law Enforcement Assistance Administration (LEAA) represented the largest budget cut of any Justice Department agency. LEAA is due to expire June 30, 1976, unless Congress acts to extend it. Funds were cut \$102.7-million, for a total of \$707.9-million in fiscal 1977.

Although an additional \$50-million was requested to fund a new high-crime area program, \$59.7-million was cut from LEAA block grants to states and \$24.7-million from discretionary grants for law enforcement and corrections programs. The budget proposed to reduce funding for education and training by \$38.3-million. This reflected a

Income Security Outlays



Outlays for Law Enforcement and Justice



decision to eliminate the Law Enforcement Education Program (LEEP) after the 1976-77 academic year.

Justice Department budget requests also included a \$15-million cut for the Federal Bureau of Investigation (FBI), the first substantial cut for that agency in many years. The reduction included \$7.9-million for training state and local law enforcement officials; in the future, state and local authorities would be required to provide 50 per cent of the cost of that program.

The largest increase requested by the administration in the law enforcement area was to continue the federal prison system building plan to relieve overcrowding in federal prisons. Of the \$67.5-million increase over fiscal 1976, \$62.2-million was requested for planning and construction of four new facilities and opening of three others.

Budget increases were also requested for these Justice Department agencies: \$8.0-million for the Immigration and Naturalization Service to strengthen detention and deportation activities and further develop the alien documentation system; \$6.3-million for the Drug Enforcement Administration (DEA) to disrupt narcotics distribution channels by capturing "high level offenders" and to prevent diversion of legal substances to the illicit market by retail pharmacists and physicians.

Within the Justice Department, \$11.4-million was requested for additional U.S. attorneys and \$2.8-million for additional U.S. marshals. The administration did not request any funds for the continuation of the 90 positions in the Office of Watergate Special Prosecution Force.

The administration requested an additional \$15.6-million for the Treasury Department's Bureau of Alcohol, Tobacco and Firearms for a total of \$125.3-million. The increased funds would expand the illegal firearm control program, funded in 1976 in Washington, D.C., and two other cities with 180 agents, to eight other cities and an additional 320 agents. Other Treasury budget increases were requested for the U.S. Customs Service and U.S. Secret Service.

The President repeated support for legislation to reform and codify the U.S. criminal code and to ban cheap easily concealed handguns known as "Saturday night specials."

General Government

Executive Office of the President

The budget requested \$73-million in budget authority for the Executive Office of the President, \$3-million more than the revised fiscal 1976 estimate.

The President proposed that an Office of Science and Technology be re-established within the White House to advise him on scientific and technological programs and policy questions. The White House had not had a science adviser since President Nixon abolished the post in 1973. The addition of that office with its expected 30 staff positions would bring the total Executive Office staff up to 1,636 in fiscal 1977. (*Science adviser, 1975 Weekly Report p. 2465*)

Legislative Branch

By law, the President's budget included the appropriation requested by Congress to run its affairs. Congress requested budget authority of \$747-million for its legislative functions for fiscal 1977, a \$7-million increase over its estimated fiscal 1976 budget.

The budget request included sizeable boosts in the appropriations for two of Congress' support agencies, the Office of Technology Assessment (OTA) and the Congressional Budget Office (CBO). The OTA proposed budget for fiscal 1977 was \$8.5-million, up from its estimated fiscal 1976 budget of \$6.6-million. The increase reflected a proposed expansion of its staff from 89 in fiscal 1976 to 114 in fiscal 1977. The CBO's proposed budget for fiscal 1977 was \$10.2-million, an increase from its estimated fiscal 1976 budget of \$4.9-million. The higher budget reflected a proposed increase in staff from 193 in fiscal 1976 to 259 in fiscal 1977.

Internal Revenue Service

The budget proposed \$2.8-billion in budget authority for the Internal Revenue Service (IRS) for fiscal 1977, a \$558-million decrease from the agency's estimated budget for fiscal 1976.

The lower budget reflected a proposed cutback in the IRS staff from 84,164 in fiscal 1976 to 81,559 in fiscal 1977. Anticipated productivity increases by IRS employees were expected to make up for the loss of staff, although the budget acknowledged that the manpower cuts would result in a slight reduction in tax compliance coverage.

Federal Election Commission

The Federal Election Commission's proposed budget authority for fiscal 1977 was \$6.9-million, a 20 per cent increase over its estimated fiscal 1976 budget of \$5-million. The commission proposed that its travel budget be doubled and that its staff be expanded from 160 in fiscal 1976 to 197 in fiscal 1977.

Revenue Sharing, Fiscal Aid

The President's budget included \$7.4-billion in fiscal 1977 outlays for general purpose assistance for state and local governments, most in the form of general revenue sharing.

Revenue Sharing

Assuming congressional action to extend general revenue sharing past the end of calendar 1976, the budget projected \$6,548,504,000 in payments to state and local governments from the general revenue sharing trust fund during fiscal 1977.

The 1972 law that established general revenue sharing and made permanent appropriations for its five-year life was due to expire after Dec. 30, 1976. Ford in 1975 proposed a five-year, nine-month extension of the program through the end of fiscal 1982 on Sept. 30, 1982.

That proposal would retain permanent Treasury appropriations to the general revenue sharing fund, including the \$150-million increment in each year's appropriation provided by the existing law.

The 1972 law provided a \$3,325,000,000 trust fund appropriation for the period July 1-Dec. 30, 1976, to carry funding for the program through the first half of fiscal 1976. At the time, federal fiscal years began on July 1.

Ford's proposal would replace that half-year appropriation with a \$1,626,195,000 appropriation for the three-month budget transition quarter from July 1 to Sept. 30, 1976. For fiscal 1977, starting on Oct. 1, the administration plan recommended appropriation of \$6,542,280,000 to the trust fund.

In addition to that fiscal 1977 appropriation, Congress in weighing renewal of the program would consider the administration's request for permanent appropriation of shared revenues for the following five fiscal years. In all, the requested appropriation was \$39,877,500,000.

Other Assistance

The budget's \$7.4-billion projection for general purpose financial assistance also included a host of other functions, mostly to return to state and local governments, Puerto Rico and the Virgin Islands part of the revenues or special taxes that the federal government collects within their jurisdictions.

Within that category, the budget recommended appropriation of \$282,707,000 in fiscal 1977 for the federal government's payment to the District of Columbia to defray the burdens on the District from the federal government's presence.

New York Loans

In addition to its normal assistance to state and local governments, the federal government during fiscal 1977 will be lending Treasury funds to New York City to meet its seasonal financing needs. That lending was not counted in the budget totals, however.

Under the New York aid plan created by Congress in 1975, the Treasury secretary was authorized to make loans to the city out of a New York City Seasonal Financing Fund. Outstanding loans were limited to \$2.3-billion at a time, covered by a \$2.3-billion fiscal 1976 supplemental appropriation. (*1975 Weekly Report p. 2775, 2699*)

No further appropriation was needed for fiscal 1977. And since New York City must repay all loans from the fund with interest within the city's annual fiscal year, there would be no net outlay of Treasury funds during that period. The city's fiscal year runs from July 1 to June 30, however, so outstanding loans still could show up as Treasury outlays in the federal government's accounting at the end of its fiscal year, which is moving to an Oct. 1-Sept. 30 basis.

But according to the administration's budget, outstanding New York loans would have no impact on federal outlays because the Treasury-administered Federal Financing Bank would buy up all outstanding loans at the end of the federal fiscal year. Although owned by the government, the Federal Financing Bank's finances are excluded from the over-all federal budget.

The federal budget accordingly listed New York loan obligations of \$2.1-billion for fiscal 1977. During the year, according to the estimates, \$1.1-billion of those loans would be repaid and the remaining \$1-billion would be sold to the Federal Financing Bank.

The bank's budget, outlined along with other off-budget agencies at the back of the federal budget Appendix, listed that estimated \$1-billion for buying New York loans from the Treasury as a capital outlay. Offsetting receipts of \$1.1-billion from repayment of New York loans also were listed.

Allowances

The President asked for budget authority of \$2.6-billion in fiscal 1977 to cover contingencies and projected pay increases for the federal government's civilian

employees due to take effect in October 1976. The \$2.6-billion request included \$790-million for federal pay raises.

The President said that federal salary increases would have to be limited in fiscal 1977. The budget assumed that the October 1976 pay increases for white-collar federal employees would be limited to 5 per cent, the same increase they received in October 1975.

In addition, the President said he planned to submit legislation that would change the way pay scales for federal blue-collar employees were determined. The aim would be to prevent federal blue-collar workers from earning more than their counterparts in the private sector.

Undistributed Offsetting Receipts

Offsetting receipts are funds from the public and government agencies that are not counted as revenue, but instead are deducted from budget authority and outlays. They include payments from the public due to the government's market-oriented activities, such as loan repayments, interest, sale of property and rents and royalties. They also include payments from other federal accounts. In most instances, the payments are deducted from the budget authority and outlays of the agency receiving them.

In three cases, however, the offsetting receipts are deducted from the federal budget as a whole. The amount of those deducted receipts was estimated to rise in fiscal 1977 to \$18.8-billion, up from \$15.2-billion in fiscal 1976.

The bulk of the increase was due to estimated receipts of \$6-billion from rents and royalties on the leasing and sale of Outer Continental Shelf lands, up from \$3-billion in fiscal 1976. Additional sales were planned in fiscal 1977 of lands off the west and Gulf coasts, the Gulf of Alaska and mid-Atlantic tracts off the east coast. The estimate of \$3-billion in receipts for fiscal 1976 represented yet another estimate downward by OMB; initial estimates had ranged as high as \$8-billion and had fallen to \$6-billion by October 1975. The second congressional budget resolution for fiscal 1976 (H Con Res 466) assumed receipts of \$4.5-billion, with some members warning that figure was too high. (*H Con Res 466, 1975 Weekly Report p. 2739*)

Additionally, the payments by federal agencies into the retirement funds of their employees was predicted to rise to \$4.5-billion in fiscal 1977, up from \$4.2-billion in fiscal 1976. About two-thirds of the payments are to the Civil Service retirement fund with most of the remainder going to Social Security trust funds.

Also estimated to rise in fiscal 1977 was the interest received on trust fund balances which are invested in federal securities. The interest was estimated to be \$8.4-billion in fiscal 1977, an increase of \$0.4-billion.

ECONOMY NOTES

Gross National Product

With final 1975 figures starting to come in, federal government statistics continued to show slow but hopeful U.S. economic progress.

The Commerce Department Jan. 20 reported that actual economic output rose by 5.4 per cent during the last

three months of 1975, evidence that recovery from the deep 1974-75 recession was proceeding. While much slower than the rapid 12 per cent rebound during the year's third quarter, that preliminary fourth-quarter figure for real gross national product (GNP) showed continued expansion of underlying economic demand. The larger third-quarter pace was attributed to business inventory swings.

Still, actual GNP dropped 2 per cent for the entire year, according to preliminary figures, following its 1.8 per cent decline during 1974.

As measured by the GNP deflator, which discounts the impact of rising prices on nominal output, inflation moderated during the October-December quarter, falling to a 6.5 per cent rate from 7.1 per cent in the third quarter. It was far below the peak 13.4 per cent rate during the last three months of 1974.

Consumer Prices

The Labor Department reported separately Jan. 21 that another measure of inflation, the consumer price index, rose 0.5 per cent during December. That marked a slowdown in consumer price increases from 0.7 per cent rates in October and November.

In December 1975, the consumer price index stood 7.0 per cent above its December 1974 level, below the December to December increases of 12.2 per cent in 1974 and 8.8 per cent in 1973.

Usery Nomination

President Ford Jan. 22 nominated W. J. Usery Jr., director of the Federal Mediation and Conciliation Service, as secretary of labor. If approved by the Senate, Usery would succeed John T. Dunlop, who resigned Jan. 14 saying he had lost the confidence of business and labor as a result of Ford's veto of the common-site picketing bill (HR 5900). (*Resignation, Weekly Report p. 75; veto, Weekly Report p. 60; final action on bill, 1975 Weekly Report p. 2796*)

Asked if he would have the same difficulty, Usery said, "I enjoy the confidence of many people in the labor organization. I think we can work together."

Usery, 52, a former official of the Machinists union, has been called the "best natural mediator" in Washington, an ability which could help him in 1976 when several major bargaining contracts are scheduled to expire.

The nomination was welcomed by AFL-CIO President George Meany who said Usery was clearly qualified for the job. The National Right to Work Committee, however, said the nomination was "totally unacceptable" because of what it called Usery's "all-consuming belief in compulsory unionism."

Meanwhile, the House Jan. 19 by unanimous consent referred to the Education and Labor Committee HR 5900 and the President's accompanying Jan. 2 veto message. The House leadership has decided that the veto could not be overridden.

Text of President's Fiscal '77 Budget Message

Following is the text of President Ford's fiscal 1977 budget message to Congress, released Jan. 21:

To the Congress of the United States:

The Budget of the United States is a good roadmap of where we have been, where we are now, and where we should be going as a people. The budget reflects the President's sense of priorities. It reflects his best judgment of how we must choose among competing interests. And it reveals his philosophy of how the public and private spheres should be related.

Accordingly, I have devoted a major portion of my own time over the last several months to shaping the budget for fiscal year 1977 and laying the groundwork for the years that follow.

As I see it, the budget has three important dimensions. One is the budget as an element of our economic policy. The total size of the budget and the deficit or surplus that results can substantially affect the general health of our economy—in a good way or in a bad way. If we try to stimulate the economy beyond its capacity to respond, it will lead only to a future whirlwind of inflation and unemployment.

The budget I am proposing for fiscal year 1977 and the direction I seek for the future meet the test of responsible fiscal policy. The combination of tax and spending changes I propose will set us on a course that not only leads to a balanced budget within three years, but also improves the prospects for the economy to

stay on a growth path that we can sustain. This is not a policy of the quick fix; it does not hold out the hollow promise that we can wipe out inflation and unemployment overnight. Instead, it is an honest, realistic policy—a policy that says we can steadily reduce inflation and unemployment if we maintain a prudent, balanced approach. This policy has begun to prove itself in recent months as we have made substantial headway in pulling out of the recession and reducing the rate of inflation; it will prove itself decisively if we stick to it.

A second important dimension of the budget is that it helps to define the boundaries between responsibilities that we assign to governments and those that remain in the hands of private institutions and individual citizens.

Over the years, the growth of government has been gradual and uneven, but the trend is unmistakable. Although the predominant growth has been at the State and local level, the Federal Government has contributed to the trend too. We must not continue drifting in the direction of bigger and bigger government. The driving force of our 200-year history has been our private sector. If we rely on it and nurture it, the economy will continue to grow, providing new and better choices for our people and the resources necessary to meet our shared needs. If, instead, we continue to increase government's share of our economy, we will have no choice but to raise taxes and will, in the process, dampen further the forces of competition, risk, and reward that have

served us so well. With stagnation of these forces, the issue of the future would surely be focused on who gets what from an economy of little or no growth rather than, as it should be, on the use to be made of expanding incomes and resources.

As an important step toward reversing the long-term trend, my budget for 1977 proposes to cut the rate of Federal spending growth, year to year, to 5.5%—less than half the average growth rate we have experienced in the last 10 years. At the same time, I am proposing further, permanent income tax reductions so that individuals and businesses can spend and invest these dollars instead of having the Federal Government collect and spend them.

A third important dimension of the budget is the way it sorts out priorities. In formulating this budget, I have tried to achieve fairness and balance:

- between the taxpayer and those who will benefit by Federal spending;
- between national security and other pressing needs;
- between our own generation and the world we want to leave to our children;
- between those in some need and those most in need;
- between the programs we already have and those we would like to have;
- between aid to individuals and aid to State and local governments;
- between immediate implementation of a good idea and the need to allow time for transition;

—between the desire to solve our problems quickly and the realization that for some problems, good solutions will take more time; and

—between Federal control and direction to assure achievement of common goals and the recognition that State and local governments and individuals may do as well or better without restraints.

Clearly, one of the highest priorities for our Government is always to secure the defense of our country. There is no alternative. If we in the Federal Government fail in this responsibility, our other objectives are meaningless.

Accordingly, I am recommending a significant increase in defense spending for 1977. If in good conscience I could propose less, I would. Great good could be accomplished with other uses of these dollars. My request is based on a careful assessment of the international situation and the contingencies we must be prepared to meet. The amounts I seek will provide the national defense it now appears we need. We dare not do less. And if our efforts to secure international arms limitations falter, we will need to do more.

Assuring our Nation's needs for energy must also be among our highest priorities. My budget gives that priority.

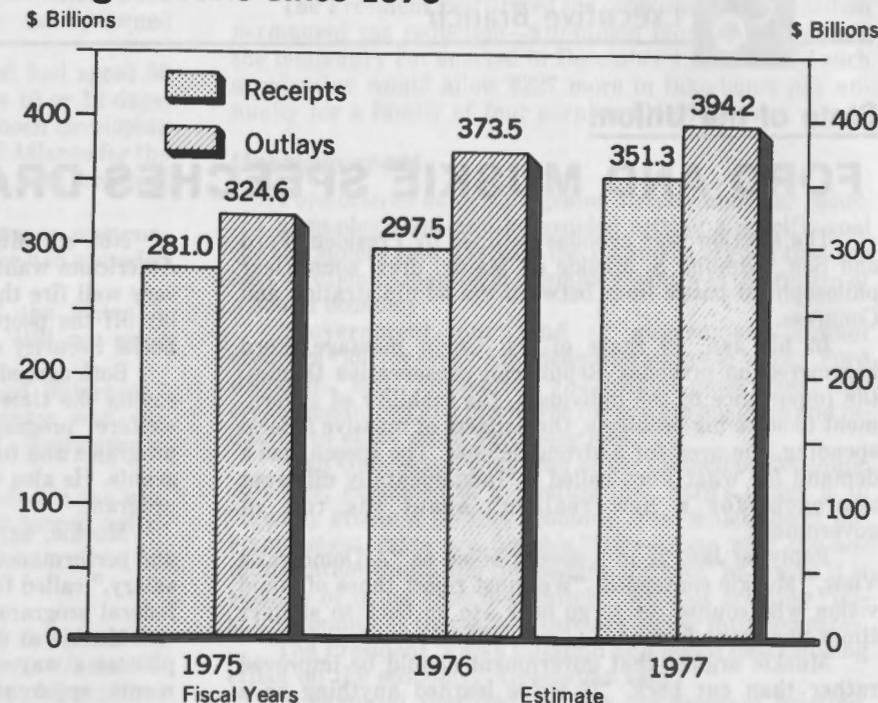
While providing fully for our defense and energy needs, I have imposed upon these budgets the same discipline that I have applied in reviewing other programs. Savings have been achieved in a number of areas. We cannot tolerate waste in any program.

In our domestic programs, my objective has been to achieve a balance between all the things we would like to do and those things we can realistically afford to do. The hundreds of pages that spell out the details of my program proposals tell the story, but some examples illustrate the point.

I am proposing that we take steps to address the haunting fear of our elderly that a prolonged, serious illness could cost them and their children everything they have. My medicare reform proposal would provide protection against such catastrophic health costs. No elderly person would have to pay over \$500 per year for covered hospital or nursing home care, and no more than \$250 per year for covered physician services. To offset the costs of this additional protection and to slow down the runaway increases in federally funded medical expenses, I am recommending adjustments to the medicare program so that within the new maximums beneficiaries contribute more to the costs of their care than they do now.

My budget provides a full cost-of-living increase for those receiving social security or other Federal retirement benefits. We

Budget Totals Since 1975



must recognize, however, that the social security trust fund is becoming depleted. To restore its integrity, I am asking the Congress to raise social security taxes, effective January 1, 1977, and to adopt certain other reforms of the system. Higher social security taxes and the other reforms I am proposing may be controversial, but they are the right thing to do. The American people understand that we must pay for the things we want. I know that those who are working now want to be sure that the money will be there to pay their benefits when their working days are over.

My budget also proposes that we replace 59 grant programs with broad block grants in four important areas:

—A health block grant that will consolidate Medicaid and 15 other health programs. States will be able to make their own priority choices for use of these Federal funds to help low-income people with their health needs.

—An education block grant that will consolidate 27 grant programs for education into a single flexible Federal grant to States, primarily for use in helping disadvantaged and handicapped children.

—A block grant for feeding needy children that will consolidate 15 complex and overlapping programs. Under existing programs, 700,000 needy children receive no benefits. Under my program, all needy

children can be fed, but subsidies for the nonpoor will be eliminated.

—A block grant that will support a community's social service programs for the needy. This would be accomplished by removing current requirements unnecessarily restricting the flexibility of States in providing such services.

These initiatives will result in more equitable distribution of Federal dollars, and provide greater State discretion and responsibility. All requirements that States match Federal funds will be eliminated. Such reforms are urgently needed, but my proposals recognize that they will, in some cases, require a period of transition.

These are only examples. My budget sets forth many other recommendations. Some involve new initiatives. Others seek restraint. The American people know that promises that the Federal Government will do more for them every year have not been kept. I make no such promises. I offer no such illusion: This budget does not shrink from hard choices where necessary. Notwithstanding those hard choices, I believe this budget reflects a forward-looking spirit that is in keeping with our heritage as we begin our Nation's third century.

Gerald R. Ford

January 21, 1976.



State of the Union:

FORD AND MUSKIE SPEECHES DRAW BATTLE LINES

The election-year agendas outlined by President Ford and Sen. Edmund S. Muskie (D Maine) drew some clear philosophical battle lines between the administration and Congress.

In his Jan. 19 State of the Union message, Ford hammered on orthodox Republican conservative themes: the importance of the individual, the inability of government to solve big problems, the dangers of massive federal spending, the need for a strong defense. The speech was a demand for what Ford called a "fundamentally different approach—for a new realism" about the role of government.

Replying Jan. 21 in a speech billed as "A Democratic View," Muskie contended, "We must reject those of timid vision who counsel us to go back—to go back to simpler times now gone forever."

Muskie argued that government should be improved rather than cut back. "If we've learned anything as a nation...it is this," Muskie said, "give Americans the tools and they'll do the job."

Jobs

Beneath much high-flown rhetoric on both sides lay a key area of disagreement: how to reduce unemployment.

Ford argued for improving the business climate by reducing inflation and providing tax incentives, thereby increasing employment over the long run. Muskie called for quicker, more direct action through public service and public works jobs programs.

"Unemployment remains too high," Ford declared. But he proposed no new programs to directly increase employment rates, and in his budget he recommended cutting back 270,000 public service jobs during 1977.

"Five out of six jobs in this country are in private business and industry," Ford said. "Common sense tells us this is the place to look for more jobs and to find them faster."

Muskie called that approach "penny-wise and pound-foolish," contending that high rates of unemployment are a drain on the economy since the jobless collect unemployment benefits and do not pay income taxes. Taxpayers "pay a staggering price for these jobless policies," Muskie said. Reducing unemployment "is not only the business of business, it is also the business of government," he declared.

Government Failures

While agreeing that many Americans had lost confidence in government and other institutions, Ford and Muskie disagreed on remedies.

The President argued for cutting back government programs and allowing more room for individual initiative. "We must introduce a new balance in the relationship between the individual and the government," he said, "a balance that favors greater individual freedom and self-reliance." Ford said government was trying to do too much.

Not so, Muskie contended: "I do not believe most Americans want their government dismantled. We can't very well fire the mailmen, discharge our armed forces or lay off the people who run the computers that print our Social Security checks."

Both agreed on the need for improved efficiency. Ford, saying the time was not right for a sweeping reform of welfare programs, proposed consolidating 59 federal programs and turning the funds over to the states in block grants. He also called for improvements in the food stamp program.

Muskie, saying "we can expect maximum efficiency and performance in office by everyone who draws a federal salary," called for a systematic congressional review of all federal programs in four-year cycles.

Muskie at one point characterized Ford's block grant plan as a way of shifting costs to state and local governments, apparently confusing Ford's proposal with Republican presidential contender Ronald Reagan's plan for transferring \$90-billion in programs to the states. Even so, he did not close the door on Ford's proposal.

"Just as we cannot go back to the old days, we must be ready to change old ways to meet new needs and present realities," Muskie said.

Ford Plan

The President in his message cast a broad political net. He took a swipe at the \$90-billion proposal of former California Governor Reagan (R), saying, "Surely we cannot simply dump welfare into the laps of the 50 states, their local taxpayers or private charities, and just walk away from it."

Ford praised Americans for their reaction to the recession. "In all sectors people met their difficult problems with restraint and responsibility worthy of their great heritage," he said.

The speech seemed intended to appeal to the elderly, who would benefit from Ford's proposal to offer protection under Medicare from catastrophic illness while increasing the cost of short-term care.

Ford praised the American farmer, who he said "not only feeds 215 million Americans but also millions worldwide." Describing his proposed \$28-billion permanent tax cut, Ford bowed to the "hardworking Americans caught in the middle," who, he said, "can really use that kind of extra cash."

The President laced his speech with patriotic homilies and made obeisance to Tom Paine, the radical Revolutionary War pamphleteer. "Tom Paine aroused the troubled Americans of 1776 to stand up to the times that try men's souls, because the harder the conflict the more glorious the triumph," Ford said.

The President spoke for 48 minutes and was interrupted by applause 30 times. Most of the applause

seemed perfunctory. One of the few spontaneous bursts came—mostly from the Republican side—when Ford proposed reforming estate tax laws on family-owned businesses and farms.

Press Secretary Ron Nessen said Ford had spent 50 hours writing the speech over the previous 10 or 12 days. Nessen said concepts for the message had been developing ever since February 1975, when Ford visited Atlanta for the first of a series of White House conferences with local and state officials.

Ford's second State of the Union message was considerably more upbeat than his first, when he had conceded that "the State of the Union is not good."

"Tonight I report that the State of the Union is better—in many ways a lot better—but still not good enough," Ford said Jan. 19.

He said 1975 opened with "rancor and bitterness," recalling the Watergate scandal, the Vietnam war, the beginning of the recession, and a loss of public confidence in American institutions.

He declared that "we are not only headed in the new direction I proposed 12 months ago, but...it turned out to be the right direction."

Themes

In a briefing two hours before Ford delivered the speech, White House Domestic Council Director James M. Cannon identified four "main points" as the philosophical underpinnings of the speech.

- *Philosophy of government.* Cannon indicated that Ford believed in an essentially passive role for government.

- "Government exists to create and preserve conditions in which people can translate their ideals into practical reality," Ford declared in his speech. He said the country had gotten into trouble by relying on government to solve big problems.

- *"Realism."* Cannon said Ford wanted to distinguish between what government can and cannot reasonably be expected to accomplish.

- "The time has come for a fundamentally different approach," Ford said, "for a new realism that is true to the great principles upon which this nation was founded." Ford added that government "must be more honest with the American people, promising them no more than we can deliver, and delivering all that we promise."

- *"Balance."* Cannon underlined Ford's repeated use of the term "new balance." Ford said a balance must be struck between government and the individual, between conflicting economic philosophies, between federal and state governments, and between spending for domestic programs and spending for defense.

- *"Hope."* Cannon emphasized that Ford opened and closed his speech with "hope" and an optimistic view of the country's future.

Economic Program

Budget

In calling for a \$394.2-billion fiscal 1977 budget, with a reduction of almost \$29-billion in the projected growth of federal spending, Ford said his "first objective is to have sound economic growth without inflation."

Ford said continued reductions could lead to a balanced budget by fiscal year 1979.

Tax Cut

The President reaffirmed his proposal for a \$28-billion permanent tax reduction—\$10-billion more annually than the temporary cut enacted in December 1975. He said such a reduction would allow \$227 more in take-home pay annually for a family of four earning \$15,000 a year.

Unemployment

Ford offered no new programs directly aimed at reducing unemployment, and he avoided setting a specific goal for the jobless rate. Instead, the President argued that the best solution to long-term unemployment was the return of a sound economy.

"Government—our kind of government—cannot create" a "job for every American who wants to work," Ford declared. "But," he added, "the federal government can create conditions and incentives for private business and industry to make more and more jobs."

Alan Greenspan, chairman of the Council of Economic Advisers, explained in a briefing that Ford's policy is to "broadly create a healthy economy from which lower unemployment rates are feasible." Greenspan said the administration would aim for keeping the rate "as low as it is capable of being kept indefinitely" without creating "unstable conditions thereafter" through higher inflation rates.

The President "views inflation as a major destabilizing effect on the economy," Greenspan said.

In material prepared for the pre-message briefing, aides described Ford's unemployment policy as having three parts:

- To encourage economic growth in the private sector through individual and corporate income tax cuts and through tax incentives aimed at increasing investments. These incentives would accelerate plant expansion and the purchase of new equipment and would be concentrated in areas of more than 7 per cent unemployment.

- To "alleviate the economic hardship" for the jobless by temporarily extending unemployment insurance coverage to 12 million workers not presently covered; and to temporarily extend the time period for unemployment benefits from 39 to 65 weeks.

- To continue programs already on the books such as the Comprehensive Employment Training Act (CETA), summer youth employment, public service employment and other "established and proven federal programs."

Various Ford aides specifically rejected proposals for expanded public service and public works jobs programs.

Housing

Ford said he would continue existing housing programs, including rental subsidies for 400,000 more low-income families and mortgage subsidies for 100,000 more moderate-income families.

"These programs will expand housing opportunities, spur construction, and help house moderate and low income families," Ford said. He predicted that lower interest rates and available mortgage money could lead to a "healthy recovery" of the housing industry in 1976.

Regulatory Reform

Ford unveiled no new initiatives in his drive to reform what he called the "petty tyranny of massive government

regulation." But aides described regulatory reform as "a principal goal" of the administration.

Ford pledged that the administration "will strictly enforce the federal antitrust laws" in order to encourage competition and bring down consumer prices. In a written briefing statement, aides went further, promising legislative proposals to expand antitrust activities to cover some emptied industries.

The President also renewed his call for regulatory reform in the transportation industry particularly, including railroads, aviation and trucking; and he again asked for regulatory reform of financial institutions that would allow small savers to earn higher interest rates on savings accounts.

Energy

While reiterating his major 1975 objective of long-range independence from foreign oil producers, Ford announced no new initiatives in energy policy.

The compromise Energy Policy and Conservation Act that Ford signed in December 1975 "was late in coming, not the complete answer to energy independence, but still (was) a start in the right direction," Ford declared.

White House aides said the 1975 law, along with administrative actions, would achieve more than 80 per cent of the President's short-term goal of reducing U.S. vulnerability to another Arab oil embargo.

Health

Catastrophic Illness

Saying that "we cannot realistically afford" national health insurance providing full coverage, Ford proposed a plan to provide protection against serious and long-term illnesses for persons covered by Medicare. But he also asked the elderly to pay more for short-term care.

Rather than a tax-funded national health insurance program, Ford said, a private health insurance system in the future would do a better job in providing quality care and protection from catastrophic illnesses to middle-income families.

Health Block Grants

The President proposed consolidating 16 federal health programs aimed primarily at the poor, including Medicaid, into one \$10-billion block grant to the states.

Ford said in his budget briefing Jan. 20 that "public pressure" would prevent individual states from cutting back their funding of health programs and from misusing the federal funds.

Veterans

Ford promised to "take further steps to improve the quality of medical and hospital care" for veterans. Aides explained that meant hiring 1,700 more medical care employees and spending about \$200-million for construction projects such as correcting fire and safety hazards.

Social Security

The President proposed a payroll tax increase of .3 per cent each for employees and employers of wages covered by

Social Security. He said the rise would cost workers less than \$1 extra per week.

Without the rise, Ford said, "Simple arithmetic warns all of us that the Social Security Trust Fund is headed for trouble. Unless we act soon to make sure the fund takes in as much as it pays out, there will be no security for old or young."

Aides indicated that Ford would continue to press for more permanent changes to strengthen the financing of the unemployment insurance system.

Income Assistance

Ford said he would submit legislation later in 1976 giving him authority to eliminate inconsistencies and waste in various welfare programs. The legislation would make any administrative changes subject to review and disapproval by Congress.

Ford acknowledged the "compassion and a sense of community" that leads to welfare programs. "But everyone realizes that when it comes to welfare, government at all levels is not doing the job well," he said. "Too many of our welfare programs are inequitable and invite abuse. Worse, we are wasting badly needed resources without reaching many of the truly needy." However, Ford said he had concluded now is "not the right time for massive and sweeping changes" in welfare programs "while we are still recovering from a recession."

Food Stamps

The President singled out the food stamp program for criticism, saying it was "scandal-ridden" and that reform was "long overdue." He said he would renew his 1975 efforts to change the program.

Crime

Ford reiterated the proposals to help control crime contained in his June 19, 1975, special message to Congress on crime. He called for a "strong emphasis on protecting the innocent victims of crime" and for "swift and certain" punishment of convicted criminals. He renewed his request for mandatory minimum sentences for persons convicted of serious crimes, of repeaters who threaten personal injury, and of persons committing federal crimes while armed. He also called again for stricter control of cheap handguns.

The President requested funds to strengthen federal criminal system resources, including \$46-million for the building of four new prisons, and to extend the Law Enforcement Assistance Administration program.

Noting that the sale of hard drugs was again increasing, Ford outlined his drug program and said he has directed an increase in enforcement efforts.

General Revenue Sharing

Ford repeated his call for continuation of general revenue sharing, which he said had been "effective" and had transferred decision-making from the federal government to the local level. Congress must decide in 1976 whether to renew the revenue sharing program, and some members are known to be opposed.

Consolidation

The President said his proposals to consolidate a total of 59 federal programs, including those in the health area, and to turn the funds over to the states in block grants, was a "flexible system" that "will do the job better and do it closer to home."

In his budget, Ford proposed consolidating 27 education programs into one \$3.3-billion block grant to the states and child nutrition programs into a single grant that would eliminate food subsidies to non-needy children, thereby saving almost \$900-million in the program.

The budget also called for consolidating a wide range of social services including day care, family planning, foster care and homemaker services into a \$2.5-billion block grant to the states, with the elimination of most federal administrative and reporting requirements.

Foreign Policy

Ford described the state of U.S. foreign policy as "sound and strong" and said people should be "proud of what the United States has accomplished."

"The American people have heard too much about how terrible our mistakes, how evil our deeds, and how misguided our purposes," he said. "The American people know better.... I say it is time we quit downgrading ourselves as a nation."

However, in an oblique reference to his troubles during 1975 with Congress in conducting foreign policy, the President said the framers of the Constitution knew that the responsibility for "strong central direction that allows flexibility of action" in foreign affairs "clearly rests with the President."

Ford singled out Angola, where action was pending in Congress to cut off U.S. aid, for criticism of congressional interference. "We must not lose all capacity to respond short of military intervention," the President said.

Defense Budget

Noting that his defense budget contained a substantial increase over fiscal year 1976, Ford said the request represented "the necessity of American strength for the real world in which we live."

Intelligence

The President pledged to recommend reforming and strengthening the U.S. intelligence community "in the near future" and asked for Congress' "positive cooperation."

Referring to revelations of past abuses by intelligence agencies, Ford warned that the "crippling of our foreign intelligence services increases the danger of American involvement in direct armed conflict." He added that "without effective intelligence capability, the United States stands blindfolded and hobbled."

Muskie: 'Restore Confidence'

Muskie was chosen by Senate Majority Leader Mike Mansfield (D Mont.) to deliver the congressional reply to Ford's speech. Muskie said at one point that he could not speak for all Democrats. But his address hewed closely to the feelings of most.

Muskie said the problem that concerned him most was "the extent to which you have lost confidence in your political system and your ability to govern yourselves."

He cited a number of areas where he said confidence needed to be restored and called the list "a congressional agenda for action": unemployment, inflation, crime, education, health care, energy, the environment, abuses of power by government and business.

"We don't need a new system," Muskie said. "What we need is the will to make our system work."

Besides his disagreements with Ford over unemployment, Muskie:

- Seemed to favor Ford's plans for tax cuts for businesses, saying the Democratic job program "should be in addition to the jobs Congress could create in private industry by additional tax cuts."

- Warned that Ford's plan to increase payroll deductions to pump up Social Security trust funds would discourage private-sector employment by making it more expensive for employers to hire workers.

- Promised that Congress' new budget system would keep the deficit at "the lowest possible level consistent with reducing unemployment." Muskie, chairman of the Senate Budget Committee, said Congress wanted to achieve a balanced budget "as soon as the economy permits."

- Blamed Republican policies starting with the Nixon administration for compounding the nation's economic problems.

- Criticized U.S. intervention in the Angolan civil war, where, he said, "our nation's interest and those of the free world are far from clear."

Efficiency

Muskie said four-year reviews of all government programs were necessary in addition to Congress' new budget process to help restore confidence in government.

"Wasteful government spending, inefficient and ineffective programs are burdens taxpayers ought not to be asked to carry," he said. "More than that, they rob us of the resources we need to serve high-priority national needs. Moreover, their very existence undermines that public confidence in government which is essential and so sadly lacking."

Muskie first proposed the spending reform idea in December 1975, as Congress was completing the first use of its new budget process. Under such a plan, similar government programs periodically would be grouped together and compared for efficiency and duplication.

"We should question the most basic assumptions about every program," Muskie said. "Any programs not doing the job or duplicating better-run programs should be eliminated." Muskie said Social Security should be the only program exempted from the review process.

Muskie criticized Ford for not taking steps to improve government programs. "Efficiency in the general government is his [the President's] responsibility," Muskie said. "I was disappointed that the President made no proposals in his State of the Union message to improve general government efficiency, to bring new businesslike methods into the bureaucracy."

Muskie did not mention Ford's contention that his proposals to consolidate programs and turn the funds over to the states in block grants would improve efficiency. ■

—By Don Smith

TEXT OF FORD'S STATE OF THE UNION MESSAGE

Following is the White House text of President Ford's Jan. 19 State of the Union message to Congress:

TO THE CONGRESS OF THE UNITED STATES:

As we begin our Bicentennial, America is still one of the youngest Nations in recorded history. Long before our forefathers came to these shores, men and women had been struggling on this planet to forge a better life for themselves and their families.

In man's long upward march from savagery and slavery—throughout the nearly 2000 years of the Christian calendar, the nearly 6000 years of Jewish reckoning—there have been many deep, terrifying valleys, but also many bright and towering peaks.

One peak stands highest in the ranges of human history. One example shines forth of a people uniting to produce abundance and to share the good life fairly and in freedom. One Union holds out the promise of justice and opportunity for every citizen.

That Union is the United States of America.

We have not remade paradise on earth. We know perfection will not be found here. But think for a minute how far we have come in 200 years.

We came from many roots and have many branches. Yet all Americans across the eight generations that separate us from the stirring deeds of 1776, those who know

no other homeland and those who just found refuge on our shores, say in unison:

I am proud of America and proud to be an American. Life will be better here for my children than for me.

I believe this not because I am told to believe it, but because life has been better for me than it was for my father and my mother.

I know it will be better for my children because my hands, my brain, my voice and my vote, can help make it happen.

And it has happened here in America. It happened to you and to me.

Government exists to create and preserve conditions in which people can translate their ideals into practical reality. In the best of times, much is lost in translation. But we try.

Sometimes we have tried and failed.

Always we have had the best of intentions. But in the recent past we sometimes forgot the sound principles that had guided us through most of our history. We wanted to accomplish great things and solve age-old problems. And we became overconfident of our own abilities. We tried to be a policeman abroad and an indulgent parent here at home. We thought we could transform the country through massive national programs;

• But often the programs did not work; too often, they only made things worse.

• In our rush to accomplish great deeds quickly, we trampled on sound principles of restraint, and endangered the rights of individuals.

• We unbalanced our economic system by the huge and unprecedented growth of Federal expenditures and borrowing. And we were not totally honest with ourselves about how much these programs would cost and how we would pay for them.

• Finally, we shifted our emphasis from defense to domestic problems while our adversaries continued a massive buildup of arms.

New Balance

The time has now come for a fundamentally different approach—for a new realism that is true to the great principles upon which this nation was founded.

We must introduce a new balance to our economy—a balance that favors not only sound, active government but also a much more vigorous, healthier economy that can create new jobs and hold down prices.

We must introduce a new balance in the relationship between the individual and the Government—a balance that favors greater individual freedom and self-reliance.

We must strike a new balance in our system of Federalism—a balance that favors greater responsibility and freedom for the leaders of our State and local governments.

We must introduce a new balance between spending on domestic programs and spending on defense—a balance that ensures we fully meet our obligations to the needy while also protecting our security in a world that is still hostile to freedom.

And in all that we do, we must be more honest with the American people, promising them no more than we can deliver, and delivering all that we promise.

The genius of America has been its incredible ability to improve the lives of its citizens through a unique combination of governmental and free citizen activity.

History and experience tell us that moral progress comes not in comfortable and complacent times, but out of trial and confusion. Tom Paine aroused the troubled Americans of 1776 to stand up to the times that try men's souls, because the harder the conflict the more glorious the triumph.

A Better Year

Just a year ago I reported that the State of the Union was not good.

Tonight I report that the State of our Union is better—in many ways a lot better—but still not good enough.

To paraphrase Tom Paine, 1975 was not a year for summer soldiers and sunshine patriots. It was a year of fears and alarms and of dire forecasts—most of which never happened and won't happen.

As you recall, the year 1975 opened with rancor and bitterness. Political misdeeds of the past had neither been forgotten nor forgiven.

The longest, most divisive war in our history was winding toward an unhappy conclusion. Many feared that the end of that foreign war of men and machines meant the beginning of a domestic war of recrimination and reprisal.

Friends and adversaries abroad were asking whether America had lost its nerve.

Finally, our economy was ravaged by inflation—inflation that was plunging us into the worst recession in four decades.

At the same time, Americans became increasingly alienated from all big institutions. They were steadily losing confidence not just in big government, but in big business, big labor and big education, among others.

Ours was a troubled land.

And so, 1975 was a year of hard decisions, difficult compromises, and a new realism that taught us something important about America.

It brought back a needed measure of common sense, steadfastness and self-discipline. Americans did not panic or demand instant but useless cures. In all sectors people met their difficult problems with restraint and responsibility worthy of their great heritage.

Add up the separate pieces of progress in 1975, subtract the setbacks, and the sum total shows that we are not only headed in the new direction I proposed 12 months ago, but that it turned out to be the right direction.

It is the right direction because it follows the truly revolutionary American concept of 1776 which holds that in a free society, the making of public policy and successful problem-solving involves much more than government. It involves a full partnership among all branches and levels of government, private institutions and individual citizens.

Common sense tells me to stick to that steady course.

Economy

Take the state of our economy. Last January most things were rapidly getting worse.

This January most things are slowly but surely getting better.

The worst recession since World War II turned around in April. The best cost of living news of the past year is that double digit inflation of 12% or higher was cut almost in half. The worst—unemployment remains too high.

Today nearly 1.7 million more Americans are working than at the bottom of the recession. At year's end people were again being hired much faster than they were being laid off.

Yet let us be honest: many Americans have not yet felt these changes in their daily lives. They still see prices going up too fast, and they still know the fear of unemployment.

And we are a growing Nation. We need more and more jobs every year. Today's economy has produced over 85 million jobs



House Speaker Carl Albert (D Okla.) appears to be less than transfixed as he listens to President deliver his State of the Union address Jan. 19.

for Americans, but we need a lot more jobs, especially for the young.

My first objective is to have sound economic growth without inflation.

We all know from recent experience what runaway inflation does to ruin every other worthy purpose. We are slowing it; we must stop it cold.

For many Americans the way to a healthy non-inflationary economy has become increasingly apparent; the government must stop spending so much and borrowing so much of our money; more money must remain in private hands where it will do the most good. To hold down the cost of living, we must hold down the cost of government.

In the past decade, the Federal budget has been growing at an average rate of over 10 percent every year. The budget I am submitting Wednesday cuts this rate of growth in half. I have kept my promise to submit a budget for the next fiscal year of \$395 billion. In fact, it is \$394.2 billion.

By holding down the growth in Federal spending, we can afford additional tax cuts and return to the people who pay taxes more decision-making power over their own lives.

Tax Cut

Last month I signed legislation to extend the 1975 tax reductions for the first six months of this year. I now propose that effective July 1, 1976, we give our taxpayers a tax cut of approximately \$10 billion more than Congress agreed to in December.

My broader tax reduction would mean that for a family of four making \$15,000 a year there will be \$227 more in take home

pay annually. Hard-working Americans caught in the middle can really use that kind of extra cash.

My recommendations for a firm restraint on the growth of Federal spending and for greater tax reduction are simple and straightforward: For every dollar saved in cutting the growth in the Federal budget we can have an added dollar of Federal tax reduction.

We can achieve a balanced budget by 1979 if we have the courage and wisdom to continue to reduce the growth of Federal spending.

One test of a healthy economy is a job for every American who wants to work.

Government—our kind of government—cannot create that many jobs. But the Federal Government can create conditions and incentives for private business and industry to make more and more jobs.

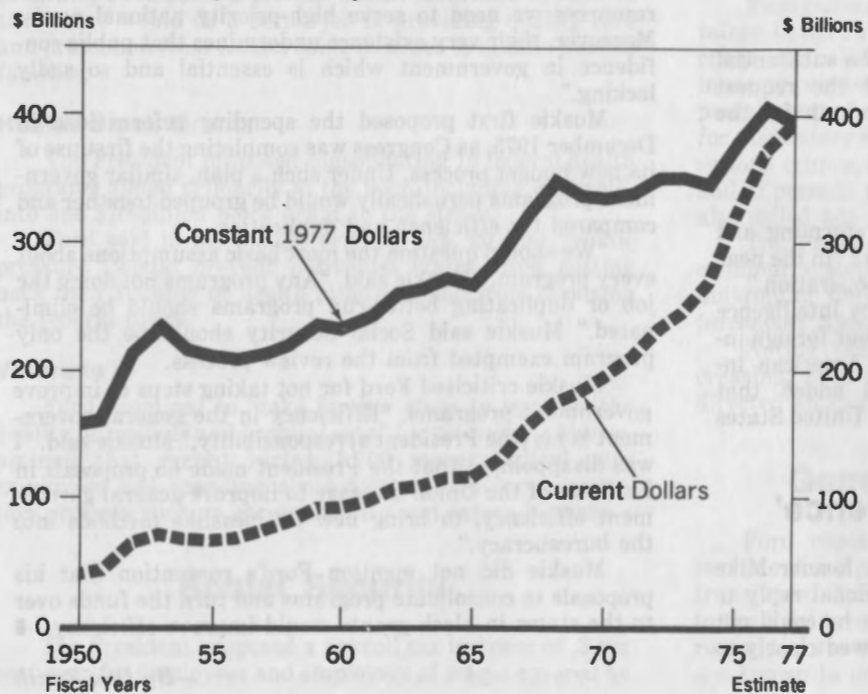
Five out of six jobs in this country are in private business and industry. Common sense tells us this is the place to look for more jobs and to find them faster.

I mean real, rewarding, permanent jobs.

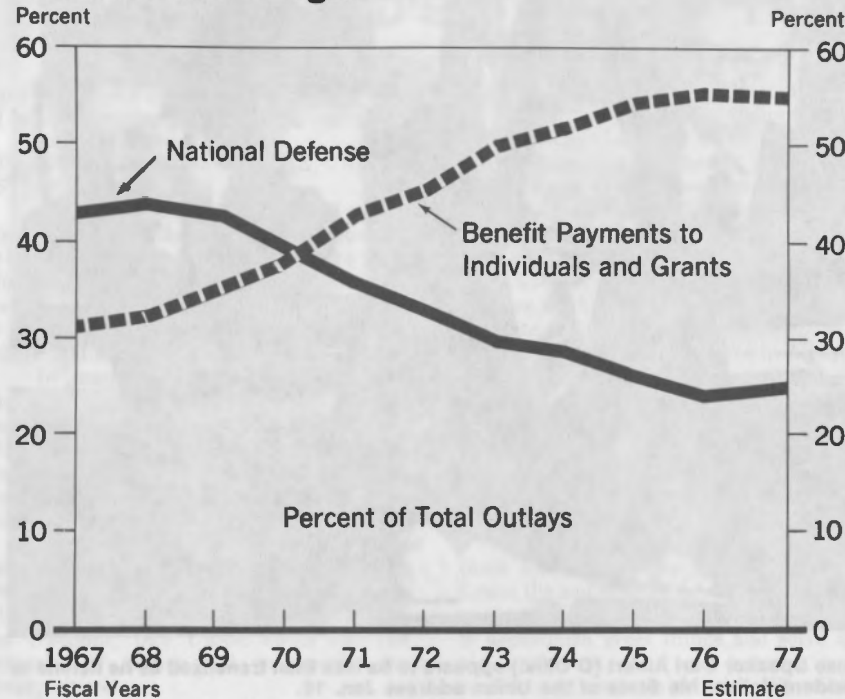
To achieve this we must offer the American people greater incentives to invest in the future. My tax proposals are a major step in that direction.

To supplement these proposals, I ask that Congress enact changes in Federal tax laws that will speed up plant expansion and the purchase of new equipment. My recommendation will concentrate this job-creation tax incentive in areas where the unemployment rate now runs over 7 percent. Legislation to get this started

Federal Budget Outlays, 1950-1977



Shares of the Budget



must be approved at the earliest possible date.

Within the strict budget total I will recommend for the coming year, I will ask for additional housing assistance for 500,000 families. These programs will expand housing opportunities, spur construction and help to house moderate and low income families.

We had a disappointing year in the housing industry in 1975 but it is improving. With lower interest rates and available mortgage money, we can have a healthy recovery in 1976.

A necessary condition of a healthy economy is freedom from the petty tyranny of massive government regulation. We are wasting literally millions of working hours costing billions of consumers' dollars because of bureaucratic red tape. The American farmer, who not only feeds 215 million Americans but also millions worldwide, has shown how much more he can produce without the shackles of government control.

Now, we need reforms in other key areas in our economy—the airlines, trucking, railroads, and financial institutions. I have concrete plans in each of these areas, not to help this or that industry, but to foster competition and to bring prices down for the consumer.

This Administration will strictly enforce the Federal antitrust laws for the same purpose.

Energy

Taking a longer look at America's future there can be neither sustained growth nor more jobs unless we continue to

have an assured supply of energy to run our economy. Domestic production of oil and gas is still declining. Our dependence on foreign oil at high prices is still too great, draining jobs and dollars away from our own economy at the rate of \$125 per year for every American.

Last month I signed a compromise national energy bill which enacts a part of my comprehensive energy independence program. This legislation was late in coming, not the complete answer to energy independence, but still a start in the right direction.

I again urge the Congress to move ahead immediately on the remainder of my energy proposals to make America invulnerable to the foreign oil cartel. My proposals would:

Reduce domestic natural gas shortages.

Allow production from national petroleum reserves;

Stimulate effective conservation, including revitalization of our railroads and the expansion of our urban transportation systems;

Develop more and cleaner energy from our vast coal resources;

Expedite clean and safe nuclear power production;

Create a new national Energy Independence Authority to stimulate vital energy investment;

And accelerate development of technology to capture energy from the sun and the earth for this and future generations.

Also for the sake of future generations we must preserve the family farm and

family-owned small businesses. Both strengthen America and give stability to our economy.

I will propose estate tax changes so that family businesses and family farms can be handed down from generation to generation without having to be sold to pay taxes.

I propose tax changes to encourage people to invest in America's future, and their own, through a plan that gives moderate income families income tax benefits if they make long-term investments in common stock in American companies.

Health

The Federal Government must and will respond to clearcut national needs—for this and future generations.

Hospital and medical services in America are among the world's best but the cost of a serious and extended illness can quickly wipe out a family's lifetime savings. Increasing health costs are of deep concern to all and a powerful force pushing up the cost of living.

The burden of a catastrophic illness can be borne by very few in our society. We must eliminate this fear from every family.

I propose catastrophic health insurance for everybody covered by Medicare. To finance this added protection, fees for short-term care will go up somewhat, but nobody after reaching age 65 will have to pay more than \$500 a year for covered hospital or nursing home care nor more than \$250 for one year's doctors' bills.

We cannot realistically afford Federally dictated national health insurance providing full coverage for all 215 million Americans. The experience of other countries raises questions about the quality as well as the cost of such plans. But I do envision the day when we may use the private health insurance system to offer more middle income families high quality health services at prices they can afford and shield them also from catastrophic illnesses.

Using the resources now available, I propose improving the Medicare and other Federal health programs to help those who really need more protection: older people and the poor. To help States and local governments give better health care to the poor I propose that we combine 16 existing Federal programs including Medicaid into a single \$10 billion Federal grant.

Funds would be divided among the States under a new formula which provides a larger share of Federal money to those states that have a larger share of low income families.

I will take further steps to improve the quality of medical and hospital care for those who have served in our armed forces.

Social Security

Now let me speak about Social Security.

Our Federal Social Security system for people who have worked hard and con-

tributed to it all their lives is a vital part of our economic system. Its value is no longer debatable. In my budget for fiscal year 1977 I am recommending that the full cost of living increase in Social Security benefits be paid during the coming year.

But I am concerned about the integrity of our Social Security Trust Fund that enables people—those retired and those still working who will retire—to count on this source of retirement income. Younger workers watch their deductions rise and wonder if they will be adequately protected in the future.

We must meet this challenge head-on. Simple arithmetic warns all of us that the Social Security Trust Fund is headed for trouble. Unless we act soon to make sure the fund takes in as much as it pays out, there will be no security for old or young.

I must therefore recommend a 3/10 of one percent increase in both employer and employee Social Security taxes effective January 1, 1977. This will cost each covered employee less than one extra dollar a week and will ensure the integrity of the trust fund.

As we rebuild our economy, we have a continuing responsibility to provide a temporary cushion to the unemployed. At my request the Congress enacted two extensions and expansions in unemployment insurance which helped those who were jobless during 1975. These programs will continue in 1976.

In my fiscal 1977 budget, I am also requesting funds to continue proven job training and employment opportunity programs for millions of other Americans.

Welfare

Compassion and a sense of community—two of America's greatest strengths throughout our history—tell us we must take care of our neighbors who cannot take care of themselves. The host of Federal programs in this field reflect our generosity as a people.

But everyone realizes that when it comes to welfare, government at all levels is not doing the job well. Too many of our welfare programs are inequitable and invite abuse. Worse, we are wasting badly needed resources without reaching many of the truly needy.

Complex welfare programs cannot be reformed overnight. Surely we cannot simply dump welfare into the laps of the 50 States, their local taxpayers or private charities, and just walk away from it. Nor is it the right time for massive and sweeping changes while we are still recovering from a recession.

Nevertheless, there are still plenty of improvements we can make. I will ask Congress for Presidential authority to tighten up rules for eligibility and benefits.

Last year I twice sought long overdue reform of the scandal riddled Food Stamp program. This year I say again: Let's give Food Stamps to those most in need. Let's not give any to those who don't need them.

Crime

Protecting the life and property of the citizen at home is the responsibility of all public officials but is primarily the job of local and State law enforcement authorities.

Americans have always found the very thought of a Federal police force repugnant and so do I. But there are proper ways in which we can help to ensure domestic tranquility as the Constitution charges us.

My recommendations on how to control violent crime were submitted to the Congress last June with strong emphasis on protecting the innocent victims of crime.

To keep a convicted criminal from committing more crimes we must put him in prison so he cannot harm more law-abiding citizens. To be effective, this punishment must be swift and certain.

Too often criminals are not sent to prison after conviction but are allowed to return to the streets.

Some judges are reluctant to send convicted criminals to prison because of inadequate facilities. To alleviate this problem at the Federal level, my new budget proposes the construction of four new Federal facilities.

To speed Federal justice, I propose an increase this year in U.S. Attorneys prosecuting Federal crimes and reinforcement of the number of U.S. Marshals.

Additional Federal judges are needed, as recommended by me and the Judicial Conference.

Another major threat to every American's person and property is the criminal carrying a handgun. The way to cut down on the criminal use of guns is not to take guns away from the law-abiding

citizen, but to impose mandatory sentences for crimes in which a gun is used, make it harder to obtain cheap guns for criminal purposes, and concentrate gun control enforcement in high crime areas.

My budget recommends 500 additional Federal agents in the 11 largest metropolitan high crime areas to help local authorities stop criminals from selling and using handguns.

The sale of hard drugs is on the increase again. I have directed all agencies of the Federal Government to step up enforcement efforts against those who deal in drugs. In 1975, Federal agents seized substantially more heroin coming into our country than in 1974.

As President, I have talked personally with the leaders of Mexico, Colombia and Turkey to urge greater efforts by their Governments to control effectively the production and shipment of hard drugs.

I recommended months ago that the Congress enact mandatory fixed sentences for persons convicted of Federal crimes involving the sale of hard drugs. Hard drugs degrade the spirit as they destroy the body of their users.

It is unrealistic and misleading to hold out the hope that the Federal Government can move in to every neighborhood and clean up crime. Under the Constitution, the greatest responsibility for curbing crime lies with State and local authorities. They are the frontline fighters in the war against crime.

There are definite ways in which the Federal Government can help them. I will propose in the new budget that the Congress authorize almost \$7 billion over the next five years to assist State and local governments to protect the safety and property of all citizens.



President Ford is escorted to the podium in the House by congressional leaders to deliver his State of the Union address.

COMMITTEES OPENED 93% OF 1975 MEETINGS

Congressional committees opened their doors to the public and press in record numbers in 1975, continuing a trend begun in 1973 with the adoption of House and Senate rules aimed at keeping closed sessions to a minimum. Stricter Senate open-meeting rules adopted in 1975 further increased public access to the workings of committees.

Most significant were the inroads made into the traditional secrecy of bill-drafting or mark-up sessions and of House-Senate conferences, where differing legislation from each chamber is melded into a single bill. For the first time since Congressional Quarterly began its annual survey of committee secrecy in 1953, the Senate held most of its mark-up sessions in public view. The percentage of open mark-ups in the House was higher than the percentage of public hearings.

House and Senate conferees also reached compromises more frequently in public in 1975. Conferences on 29 of 66 bills were held in open session. In 1974, only 12 of 116 conferences were open. (1974 Almanac p. 961)

Only 7 per cent of all congressional committee meetings were closed in 1975, compared with 15 per cent in 1974 and 16 per cent in 1973. In the House, where open-session rules had resulted in only 10 per cent of the meetings being closed in 1973 and 8 per cent in 1974, only 3 per cent of all committee meetings were held behind closed doors in 1975. The Senate, which continued to lag behind

Year	Total Meetings	Number Closed	Per Cent Closed
1953	2,640*	892	35%*
1954	3,002*	1,243	41*
1955	2,940*	1,055	36*
1956	3,120*	1,130	36*
1957	2,517*	854	34*
1958	3,472*	1,167	34*
1959	3,152*	940	30*
1960	2,424*	840	35*
1961	3,159*	1,109	35*
1962	2,929*	991	34*
1963	3,868*	1,463	38*
1964	2,393*	763	32*
1965	3,903	1,537	39
1966	3,869	1,626	42
1967	4,412	1,716	39
1968	3,080	1,328	43
1969	4,029	1,470	36
1970	4,506	1,865	41
1971	4,816	1,731	36
1972	4,073	1,648	40
1973	5,520	887	16
1974	4,731	707	15
1975	6,325	449	7
Total*	84,880	27,411	32%

*Meetings of the House Appropriations Committee, all reported closed until 1971, were not included in the study until 1965.

the House in opening meetings, registered 15 per cent closed meetings in 1975, down from 25 per cent in both 1973 and 1974.

Hearings continued to be the type of meeting most often opened to the public. Only 5 per cent of all congressional hearings were closed. The public was barred from fewer than 3 per cent of House hearings and 8 per cent of Senate hearings.

In mark-ups, where the greatest strides in openness occurred, the Senate closed only 29 per cent of those sessions compared with 72 per cent in 1974. The House closed only 2 per cent of its mark-ups in 1975.

Debate Persists

The fact that more mark-up and conference committee sessions were opened failed to quell the controversy over whether it is beneficial and efficient to work out legislation in public. Some members felt that the disadvantages outweighed the benefits.

Pros and Cons

Open meetings "have polarized the parties a little more," House Administration Chairman Wayne L. Hays (D Ohio) said in an interview. "Republicans have conferences, so Democrats feel they have to have theirs too. They work out their positions in these meetings."

As a result, Hays said, "you don't get the give and take that I think is essential.... Clearly there is more partisanship and more hardenings."

Furthermore, no "face-saving" way exists for a member to back down from a publicized position, he said. "This has slowed down the legislative process." But "the most insidious part" of open meetings is the behavior of lobbyists, he said, and "seeing them passing notes to members in conferences."

Senate Public Works Chairman Jennings Randolph (D W.Va.), by contrast, expressed satisfaction with his committee's experience at drafting all bills in public during 1975. "Open mark-ups haven't inhibited members in discussion, but have helped in development of balanced legislation," Randolph said. "Members prepare even more thoroughly" when sessions are open.

"Open mark-up sessions also have been a plus from the standpoint of accuracy," he added. "They have all but eliminated inaccurate and incomplete reports."

"But every senator has to make a speech when the press is there," said Sen. Robert Dole (R Kan.).

Sen. John Glenn (D Ohio) voiced objections that open mark-up sessions had limited the scope of discussions. Members, mindful of press coverage, hesitated to discuss the more extreme alternatives on the full gamut of possibilities, he said. "In decision making you can never rule out your options before you start. You have to at least consider the ridiculous extremes. Some moderate, workable approach may come out of what seemed an extreme."

"The jury is still out on whether openness is what it's supposed to be," Glenn continued. He recalled that during the protracted conflict between the White House and Congress over oil-pricing legislation in 1975, "there were meetings all over the place to try to hammer out positions."

'Rump Sessions'

These "rump sessions," he said, were held privately among several members. "I wonder if we don't have a facade of open meetings while we create a series of closed meetings."

Several other senators and representatives interviewed by CQ also said that private meetings increasingly were cropping up to help members prepare for open meetings. Sen. Dole, among others, disagreed. "We've kidded each other about it a lot back and forth," he said, "but it's not widespread."

House Appropriations Chairman George Mahon (D Texas) said that such meetings are inevitable. "Members are always going to discuss issues," he said. "You can't stop that."

More 'Sunshine'

Advocates of "government in the sunshine" won rules changes in both the House and Senate in 1975 that increased the number of open meetings.

Senate

The Senate Nov. 5 unanimously adopted new rules that required committee meetings to be open unless a majority of the committee voted to close them.

Resoundingly rejected was a more restrictive resolution prepared by the Rules and Administration Committee that would have made little change in existing practice, allowing individual committees to adopt their own rules.

Also approved was a proposal to open Senate-House conferences, traditionally the most secretive meetings in Congress.

The rules change, embodied in S Res 9, had been urged since 1973 by a bloc of senators led by Lawton Chiles (D Fla.) and William V. Roth (R Del.). Senate Democratic and Republican caucuses paved the way for full Senate acceptance of the change. On Jan. 15 and Jan. 16, respectively, the caucuses voted in favor of opening committee meetings and conferences. The "sunshine" drive also was aided by the lack of problems House committees had experienced after their bill-drafting sessions were opened to the public in 1973. (House reform, 1973 Almanac p. 1074)

As adopted, the Senate rules required committees to open all meetings—including mark-up sessions—unless a majority of the committee voted in open session to close the meeting or a series of meetings on the same subject for up to 14 days. Meetings could be closed if the subject to be discussed concerned one or more of the following: 1) national security; 2) internal staff procedures; 3) criminal or other charges that could jeopardize an individual's reputation; 4) government informers or agents or a criminal investigation that should be kept secret; 5) trade secrets or financial or commercial information required to be kept secret; or 6) other matters that must be kept secret under federal statute.

The requirement for open House-Senate conferences—unless a majority of either chamber's conferees voted otherwise—also was included in the Senate

resolution. (Further background, 1975 Weekly Report p. 2413)

The new rules produced an immediate reduction in closed sessions. Only 4.8 per cent of the Senate committee meetings were closed after the new rules were adopted, compared with 15 per cent for the year as a whole.

The closed meetings—with a single exception—concerned foreign affairs, military or intelligence matters. The exception was a closed mark-up session Nov. 6 at which the Senate Judiciary Committee reported a bill (HR 6971) to repeal antitrust exemptions relating to fair trade laws.

House

The House, the leader in openness since 1973, moved in 1975 to place further restrictions on closed meetings. On Jan. 14 it adopted new rules that included an amendment allowing a committee to vote in advance to close only a single subsequent day of hearings. Previously the rules permitted a committee to vote in advance to close a series of meetings on the same subject.

Also adopted was an amendment sponsored in the Democratic Caucus by Dante B. Fascell (D Fla.), Thomas S. Foley (D Wash.) and Bob Eckhardt (D Texas), to open all House-Senate conferences except when either chamber's conferees voted in open session to close them. Each vote was to apply only to one session of the conference; separate votes would be required to close it each day. The amendment did not take effect, however, until the Senate adopted its similar resolution Nov. 5. (House rules changes, 1975 Weekly Report p. 116)

Senate Committees

All Senate committees reduced the percentage of meetings they held behind closed doors in 1975. Eight per cent of all hearings, 29 per cent of mark-ups and 69 per cent of committee business meetings were closed to the public and press. In 1974, 14 per cent of hearings, 72 per cent of mark-ups and 57 per cent of business meetings were closed.

Seven Senate committees held all of their meetings in public during the year. (Table, p. 154)

All hearings of eight committees were open: Aeronautical and Space Sciences; Agriculture and Forestry; Banking, Housing and Urban Affairs; Budget; Finance; Labor and Public Welfare; Post Office and Civil Service; and Rules and Administration.

Mark-Ups

Two committees—Aeronautical and Space Sciences and Government Operations—held all mark-ups in open sessions.

For the first time since 1953, when CQ began its survey, the Senate held most of its mark-ups in open session in 1975. Only one committee increased its percentage of closed mark-ups. The Judiciary Committee closed 33 per cent of its bill-drafting sessions in 1975, up slightly from 28 per cent in 1974.

The most dramatic decreases in closed mark-ups were registered by Veterans Affairs (100 per cent closed in 1974, none closed in 1975), Public Works (93 per cent closed in 1974, none closed in 1975) and Finance (100 per cent closed in 1974, 8 per cent closed in 1975).

Public Works Chairman Randolph said, "It was a conscious effort to reduce the closed sessions. I've tried to en-

FORD SUPPORT IN CONGRESS: UP SLIGHTLY IN 1975

President Ford won 61 per cent of the congressional votes on which he took a position during 1975. That was a slight improvement over his 1974 record, but it still was the lowest mark set by a second-year President in the 23 years since Congressional Quarterly began keeping records.

Ford's support mark during the four months he was in office in 1974 was 58.2 per cent. The lowest score of any President since 1953 was 50.6 per cent, set by Richard Nixon in 1973. (1974 presidential support, 1974 Almanac p. 1006)

Ford found most of his trouble during 1975 in the House, where he received only 50.5 per cent support. In the Senate he received 71 per cent.

The five members who voted against the President's position most often were all freshman House Democrats.

Freshman activist Bob Carr of Michigan opposed the President's positions most often, voting against him 75 per cent of the time. Carr was followed by Democratic Reps. Toby Moffett of Connecticut, 74 per cent; John Krebs of California, 73 per cent; and Stephen L. Neal and W. G. (Bill) Hefner, both of North Carolina, 72 per cent each.

The study was based on 182 votes that featured a clear-cut presidential position. Ford took such a position on 15 per cent of the 1,214 votes Congress took during 1975.

Votes were included in the 1975 study only if the President or his aides had made a specific indication of his wishes before the vote. (Ground rules, box, p. 158)

Reaction

In an interview, a White House official blamed Ford's poor showing on two factors: the running clash over aid to

Success Rates

Following are the annual percentages of presidential victories since 1953 on congressional votes where the Presidents took clear-cut positions:

Eisenhower		Johnson	
1953	89.0%	1966	79.0%
1954	82.8	1967	79.0
1955	75.0	1968	75.0
1956	70.0		
1957	68.0	Nixon	
1958	76.0	1969	74.0
1959	52.0	1970	77.0
1960	65.0	1971	75.0
Kennedy		1972	66.0
1961	81.0	1973	50.6
1962	85.4	1974	59.6
1963	87.1		
Johnson		Ford	
1964	88.0	1974	58.2
1965	93.0	1975	61.0

Vietnam and Cambodia early in the year, and the year-long attempt by the Democratic majority, particularly in the House, to forge its own economic and energy policies.

"It's surprising that he [Ford] got more than 50 per cent support," said the aide. "This was the most hostile House that any President has faced in many years. Many of our legislative initiatives weren't even really considered because the Democrats wanted to come up with their own programs."

The official claimed success for Ford in establishing the "credibility" of the veto despite top-heavy Democratic majorities in both chambers. Out of the 17 bills the President vetoed during the session, only three were overridden.

A "neo-isolationism setting in among freshman members tended to freeze attitudes" during the President's attempts to secure military aid for South Vietnam and Cambodia, the aide said.

White House staff chief Richard B. Cheney has acknowledged that Ford maintained pressure for military aid in the spring of 1975, even as defeat of the Saigon and Khmer Republic governments appeared inevitable, to allow time for the orderly evacuation of Americans. (Ford's first full year, Weekly Report p. 36)

Freshmen

The White House official predicted that the heavy opposition to Ford from first-year House members will disperse in 1976 as members face re-election.

"A new class always tends to be very partisan," the aide said. "Now many of them are facing stiff competition in November. This year they'll be more fragmented and they'll spend more time looking after their own skins." (Party unity study, p. 179)

Rep. Carr said he was "surprised" that he was the member of Congress who opposed Ford the most often. "I'm aware of the President's position on major issues, but most of these things you don't decide on that basis," Carr said.

Carr said he did not think his position as Ford's No. 1 opponent in Congress would affect his own re-election campaign one way or the other. "It's not material," he said. "My voters know I take things issue by issue."

In Carr's view, Ford's status as an unelected President, and the perception many members have of Ford as being ineffective, led to his difficulties in finding congressional support.

"People are looking at Ford as more of a caretaker President," Carr said. "I don't think the new members of Congress, at least the ones I know and have regular contact with, feel Ford has much influence over them or public opinion."

Carr predicted that Ford's support rate would improve if he does well in the early presidential primaries. "Congress will be watching the primaries carefully, what candidates are saying and how the public is responding," Carr said. "That's the only thing that elected members here will have to look toward to in shaping their own campaigns. If Ford comes out with strength, he may improve his

chances of getting legislation through Congress. If Reagan does well, Ford would become almost insignificant."

A White House aide agreed. "If the President stumbles [in the primaries], Republicans will start bailing out in all directions," he said. "The degree of unanimity we have would be lost."

Support Breakdown

In the Senate, the average Democrat supported the President more often (47 per cent) than he opposed him (41 per cent). That was a switch from 1974, when the average Senate Democrat opposed the President 47 per cent of the time and supported him 39 per cent of the time.

In the House, composite scores show that the average Democrat opposed Ford 56 per cent of the time while supporting him only 38 per cent of the time. That accelerated a trend set in 1974, when the composite scores for House Democrats showed 45 per cent opposition and 41 per cent support.

The average Republican in both houses increased his support for Ford over 1974: from 55 per cent to 68 per cent in the Senate and from 51 per cent to 63 per cent in the House.

State and Regional Averages

Ford picked up moderate support from the average Senate Democrat in all regions. These gains were led by the

South, where the average Democratic senator supported the President 58 per cent of the time, compared with 46 per cent in 1974.

The average House Democrat in each region supported the President slightly less often than his Senate counterpart. The average Midwesterner dropped his support from 41 per cent to 35 per cent.

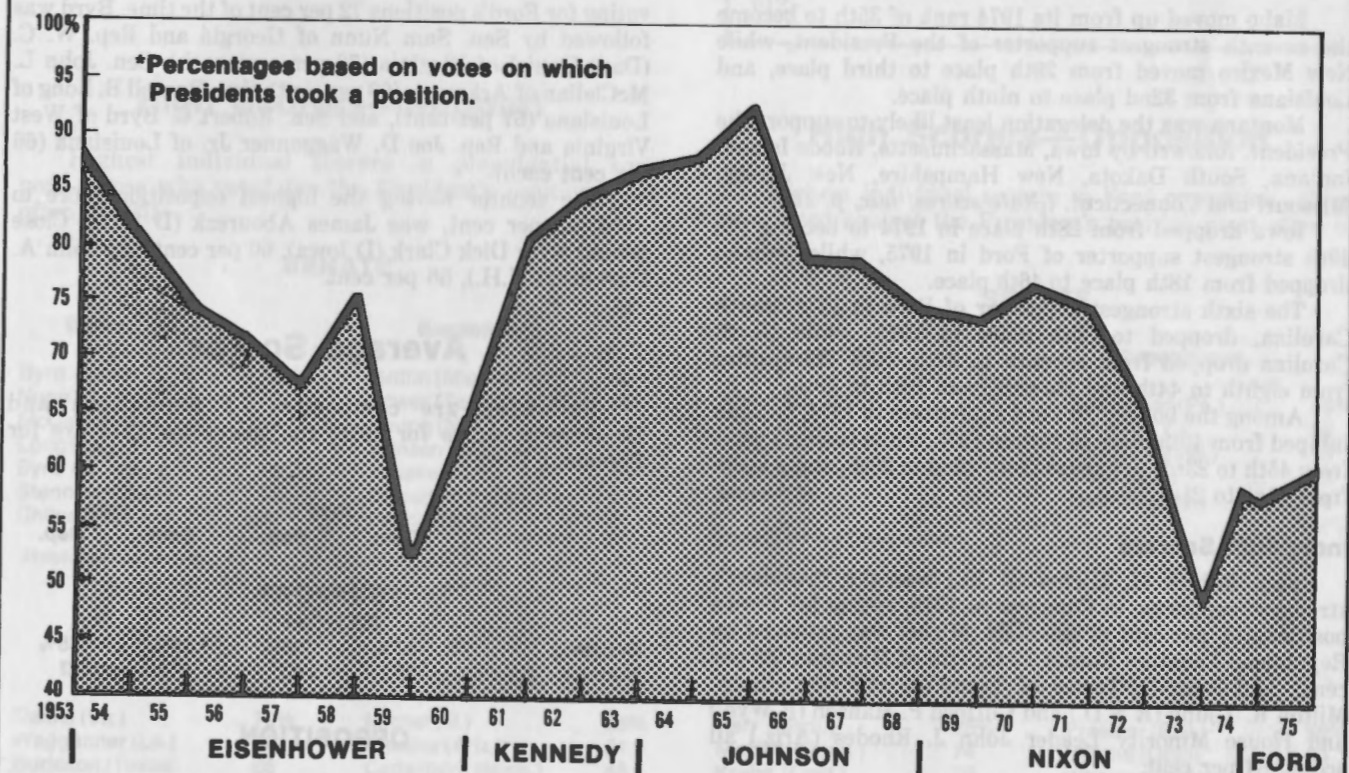
The President picked up stronger support from the average Republican senator in the West and South: from 52 per cent to 71 per cent in the West and from 55 per cent to 74 per cent in the South. Ford's support by the average House Republican from all regions improved by from 10 to 13 percentage points.

In 1975 the average southern House Democrat was more likely to oppose the President than to support him, a switch from 1974. The average Southerner supported Ford 44 per cent of the time and opposed him 48 per cent of the time, compared with 45 per cent support and 41 per cent opposition in 1974.

In another switch, the average western Senate Democrat supported Ford more often (43 per cent of the time) than he opposed him (41 per cent of the time). That was a change from 1974, when the average western Democratic senator opposed the President 45 per cent of the time and supported him 37 per cent of the time.

Among state delegations, Nebraska supported Ford more often than any other, moving up from its 1974 rank of second place. The rest of the top 10 supporters, in order, were: Kansas, New Mexico, Oklahoma, Virginia, Arizona, Idaho, North Dakota, Louisiana and Alabama.

Presidential Success on Votes 1953-1975*



Ground Rules for CQ Presidential Support-Opposition

• Presidential Issues—CQ analyzes all messages, press conference remarks and other public statements of the President and official White House spokesmen to determine what he personally, as distinct from other administration officials, does or does not want in the way of legislative action.

• Borderline Cases—By the time an issue reaches a vote, it may differ from the original form on which the President expressed himself. In such cases, CQ analyzes the measure to determine whether, on balance, the features favored by the President outweigh those he opposed or vice versa. Only then is the vote classified.

• Some Votes Excluded—Occasionally, important measures are so extensively amended on the floor that it is impossible to characterize final passage as a victory or defeat for the President.

• Motions—Votes on motions to recommit, to reconsider or to table often are key tests that govern the legislative outcome. Such votes are necessarily included in the presidential support tabulations.

• Rules—In the House, debate on most significant bills is governed by rules that restrict time and may bar floor amendments. These rules must be adopted by the House before the bills in question may be considered. Members may vote for the rule, in order to permit debate, although they intend to vote against the bill.

Generally, however, a vote against a rule is a vote against the bill, and vice versa, since rejection of the rule prevents consideration of the bill. CQ assumes that if the President favored a bill, he favored the rule unless it was a closed rule that would prevent amendments he wanted.

• Appropriations—Generally, votes on passage of appropriation bills are not included in the tabulation, since it is rarely possible to determine the President's position on the overall revisions Congress almost invariably makes in the sums allowed. Votes to cut or increase specific funds requested in the President's budget, however, are included.

• Failures to Vote—In tabulating the support or opposition scores of members on the selected presidential-issue votes, CQ counts only "yea" and "nay" votes on the ground that only these affect the outcome. Most failures to vote reflect absences because of illness or official business. Failures to vote lower both support and opposition scores equally.

• Weighting—All presidential-issue votes have equal statistical weight in the analysis.

• Changed Positions—Presidential support is determined by the position of the President at the time of a vote, even though that position may be different from an earlier position, or may have been reversed after the vote was taken.

Idaho moved up from its 1974 rank of 35th to become the seventh strongest supporter of the President, while New Mexico moved from 29th place to third place, and Louisiana from 32nd place to ninth place.

Montana was the delegation least likely to support the President, followed by Iowa, Massachusetts, Rhode Island, Indiana, South Dakota, New Hampshire, New Jersey, Missouri and Connecticut. (*State scores, box, p. 160*)

Iowa dropped from 28th place in 1974 to become the 49th strongest supporter of Ford in 1975, while Indiana dropped from 18th place to 46th place.

The sixth strongest supporter of Ford in 1974, South Carolina, dropped to 30th place in 1975, while North Carolina dropped from seventh to 37th, New Hampshire from eighth to 44th and Hawaii from 10th to 39th.

Among the bottom 10 Ford supporters in 1974, Nevada jumped from 49th place to 15th in 1975, while Georgia went from 45th to 23rd, Arkansas from 42nd to 20th, and Alaska from 41st to 21st.

Individual Scorers

Rep. Robert H. Michel (R Ill.) was the President's strongest supporter in Congress in 1975, voting for Ford's positions 88 per cent of the time. Michel was followed by Republican Senators Robert P. Griffin of Michigan (86 per cent), and John G. Tower of Texas (85 per cent). Sens. Milton R. Young (R N.D.) and Clifford P. Hansen (R Wyo.) and House Minority Leader John J. Rhodes (Ariz.) all scored 84 per cent.

Sen. Harry F. Byrd Jr. of Virginia, who was elected as an independent, led Democrats in supporting the President,

voting for Ford's positions 72 per cent of the time. Byrd was followed by Sen. Sam Nunn of Georgia and Rep. W. C. (Dan) Daniel of Virginia (70 per cent each), Sen. John L. McClellan of Arkansas (69 per cent), Sen. Russell B. Long of Louisiana (67 per cent), and Sen. Robert C. Byrd of West Virginia and Rep. Joe D. Waggoner Jr. of Louisiana (66 per cent each).

The senator having the highest opposition score to Ford, 62 per cent, was James Abourezk (D S.D.). Close behind were Dick Clark (D Iowa), 60 per cent and John A. Durkin (D N.H.), 58 per cent.

Average Scores

Following are composites of Republican and Democratic scores for 1975; the scores for 1974 are for President Ford:

	1975		1974	
	Dem.	Rep.	Dem.	Rep.
SUPPORT				
Senate	47%	68%	39%	55%
House	38	63	41	51
OPPOSITION				
Senate	41	22	47	27
House	56	31	45	35

Regional Averages

SUPPORT

Regional presidential support scores; scores for President Ford in 1974 are in parentheses:

	East	West	South	Midwest
DEMOCRATS				
Senate	45%(40%)	43%(37%)	58%(46%)	40%(33%)
House	34 (37)	35 (39)	44 (45)	35 (41)
REPUBLICANS				
Senate	56%(54%)	71%(52%)	74%(55%)	74%(61%)
House	60 (50)	62 (48)	62 (49)	66 (54)

OPPOSITION

Regional presidential opposition scores for 1975; scores for President Ford in 1974 are in parentheses:

	East	West	South	Midwest
DEMOCRATS				
Senate	49%(54%)	41%(45%)	29%(38%)	47%(54%)
House	61 (47)	58 (47)	48 (41)	59 (48)
REPUBLICANS				
Senate	36%(34%)	17%(25%)	19%(22%)	15%(23%)
House	35 (37)	28 (33)	33 (37)	29 (33)

1975 Presidential Position Votes

Following is a list of all Senate and House recorded votes in 1975 on which President Ford took a position. The votes, listed by CQ vote number, appear in the *Weekly Report*.

Senate Votes (93)

Presidential Victories (66)—44, 56, 67, 113, 114, 129, 141, 142, 143, 144, 145, 150, 152, 162, 185, 186, 190, 195, 199, 200, 202, 204, 205, 206, 207, 219, 220, 263, 275, 329, 330, 340, 342, 349, 352, 353, 373, 388, 398, 420, 421, 427, 430, 435, 436, 438, 439, 440, 441, 450, 451, 452, 453, 458, 470, 492, 496, 522, 557, 568, 575, 581, 591, 594, 598, 599.

Presidential Defeats (27)—8, 13, 57, 58, 61, 115, 116, 133, 149, 161, 163, 213, 287, 337, 389, 429, 459, 537, 539, 540, 543, 585, 586, 596, 600, 601, 602.

House Votes (89)

Presidential Victories (45)—6, 14, 41, 102, 108, 130, 144, 152, 169, 188, 200, 207, 208, 254, 259, 274, 275, 327, 328, 331, 343, 344, 346, 353, 378, 406, 413, 422, 431, 432, 433, 442, 444, 449, 450, 490, 498, 510, 541, 557, 559, 562, 588, 589, 597.

Presidential Defeats (44)—4, 5, 13, 21, 22, 25, 48, 91, 117, 133, 136, 157, 195, 198, 215, 220, 234, 235, 264, 276, 300, 302, 308, 318, 334, 347, 348, 349, 380, 407, 410, 441, 462, 463, 475, 476, 497, 516, 543, 551, 552, 572, 590, 612.

High Scorers—Support

Highest individual scorers in presidential support—those who voted for the President's position most often in 1975:

SENATE			
Democrats		Republicans	
Byrd (Va.)#	72%	Griffin (Mich.)	86%
Nunn (Ga.)	70	Tower (Texas)	85
McClellan (Ark.)	69	Young (N.D.)	84
Long (La.)	67	Hansen (Wyo.)	84
Byrd (W. Va.)	66	Hruska (Neb.)	83
Stennis (Miss.)	65	Domenici (N.M.)	81
Chiles (Fla.)	65	Fannin (Ariz.)	81

#Elected as independent.

HOUSE

Democrats		Republicans	
Daniel (Va.)	70%	Michel (Ill.)	88%
Waggoner (La.)	66	Rhodes (Ariz.)	84
Burleson (Texas)	65	Cederberg (Mich.)	83
McDonald (Ga.)	62	Conable (N.Y.)	82
Poage (Texas)	62	Erlenborn (Ill.)	81

High Scorers—Opposition

Highest individual scorers in Ford opposition—those who voted against the President's position most often in 1975:

SENATE			
Democrats		Republicans	
Abourezk (S.D.)	62%	Schweiker (Pa.)	56%
Clark (Iowa)	60	Javits (N.Y.)	52
Durkin (N.H.)*	58	Brooke (Mass.)	43
Cranston (Calif.)	57	Case (N.J.)	43
Biden (Del.)	56	Hatfield (Ore.)	43

*Not eligible for all votes in 1975.

HOUSE

Democrats		Republicans	
Carr (Mich.)	75%	Pressler (S.D.)	58%
Moffett (Conn.)	74	Harsha (Ohio)	53
Krebs (Calif.)	73	Whalen (Ohio)	53
Neal (N.C.)	72	Gude (Md.)	52
Heffner (N.C.)	72	Emery (Maine)	51

Presidential Support and Opposition: House

1. Ford Support Score, 1975. Percentage of 89 Ford-issue roll calls in 1975 on which representatives voted "yea" or "nay" in agreement with the President's position.

2. Ford Opposition Score, 1975. Percentage of 89 Ford-issue roll calls in 1975 on which representative voted "yea" or "nay" in disagreement with the President's position.

3. Ford Support Score, 1974. Percentage of 54 Ford-issue roll calls in 1974 on which representative voted "yea" or "nay" in agreement with the President's position.

4. Ford Opposition Score, 1974. Percentage of 54 Ford-issue roll calls in 1974 on which representative voted "yea" or "nay" in disagreement with the President's position.

1. Rep. Jerry L. Pettis (R Calif.) died Feb. 14, 1975. He supported the President on two of the three votes for which he was eligible and opposed him on the other.

Table with columns for state names and four columns of support/opposition percentages. Includes a key section at the top left.

Democrats Republicans

Large table with columns for state names and four columns of support/opposition percentages. Includes a key section at the top left.

Democrats Republicans

Table with columns for state, name, and voting percentages (1, 2) for Democrats and Republicans. Includes a key for symbols and a separate table for Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

Democrats Republicans

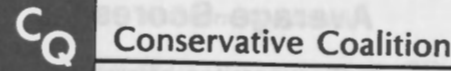
*Buckley elected as Conservative.

**Byrd elected as independent.

1. Sen. John A. Durkin (D N.H.) sworn in Sept. 18, 1975, following a special election necessitated by a dispute over the outcome of the 1974 general election.

Voting Participation Scores: Senate

- 1. Voting Participation, 1975. Percentage of 602 roll calls in 1975 on which senator voted "yea" or "nay."
2. Voting Participation, 93rd Congress. Percentage of 1,188 roll calls in 1973 and 1974 on which senator voted "yea" or "nay."



CONSERVATIVE COALITION'S SUPPORT DROPS

The top-heavy Democratic majorities in the House and Senate during 1975 pushed the conservative coalition's success level down to its lowest point since the 89th Congress 10 years ago.

The coalition formed on 28 per cent of the votes in each chamber during 1975. This represented a slight drop in the Senate from the 30 per cent level of the previous year.

However, since there were fewer Republicans in each chamber in 1975, the coalition's victory percentage dropped sharply. The coalition won only 48 per cent of the 166 Senate votes on which it appeared.

In the House, the coalition performed slightly better, winning 52 per cent of the 170 votes on which it formed. But this was still 15 percentage points below the 67 per cent level of 1974.

Combining votes from both chambers, the coalition won 50 per cent of the time, the first year since 1966 that it failed to win more than half the votes on which it appeared.

House

The drastic decline in coalition success in the House was due largely to the drop in the number of Republicans serving in that chamber. There were only 145 House Republicans during the first session of the 94th Congress.

They supported the coalition 75 per cent of the time in 1975, compared with 66 per cent in 1974. House Republican opposition dropped 5 per cent, from 23 to 18.

Changes among House Democrats were smaller. Support levels among northern and southern Democrats stayed almost the same as in 1974, but the opposition level rose slightly to 28 per cent.

Senate

Average coalition support and opposition scores in the Senate also varied little from 1974. But a cleavage among Senate Republicans was visible when their scores were broken down by region.

Definitions

Conservative Coalition. As used in this study, the term "conservative coalition" means a voting alliance of Republicans and southern Democrats against the northern Democrats in Congress.

Conservative Coalition Vote. Any vote in the Senate or the House on which a majority of voting southern Democrats and a majority of voting Republicans oppose the stand taken by a majority of voting northern Democrats.

Southern States. The southern states are Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas and Virginia.

Conservative Coalition Support Score. Percentage of conservative coalition votes on which a member votes "yea" or "nay" in agreement with the position of the conservative coalition.

Conservative Coalition Opposition Score. Percentage of conservative coalition votes on which a member votes "yea" or "nay" in disagreement with the position of the conservative coalition.

This trend was evident in the increased opposition scores of eastern Republican senators such as Richard S. Schweiker of Pennsylvania, who voted against the coalition 93 per cent of the time compared with 77 per cent in 1974.

Leading Supporters, Opponents

The leading supporters of the coalition in the House were Virginia Reps. Robert W. Daniel (R) and W. C. (Dan) Daniel (D), who voted with it 98 per cent of the time.

In the Senate, the strongest supporters were Republicans James A. McClure of Idaho and Clifford P. Hansen of Wyoming, both with 96. Highest support among southern Democrats came from Independent Harry F. Byrd Jr. (Va.), who caucuses with the Democrats.

The highest coalition opposition score in the Senate was Schweiker's 93—the first time in the history of the study that a Republican led in this category. The highest opposition registered by a Democrat was the 92 per cent score of Iowa's Dick Clark.

State Rankings

Here are the 10 states whose delegations supported the conservative coalition most frequently in 1975 and those whose delegations supported it least frequently, based on statistics from both chambers (figures in parentheses indicate 1974 rank).

Table with 4 columns: Rank, State, Support, Opposition. Lists states from most conservative (Nebraska) to least conservative (Arizona).

Table with 4 columns: Rank, State, Support, Opposition. Lists states from most conservative to least conservative.

Coalition Appearances, 1961-75

Following is the percentage of the recorded votes for both houses of Congress on which the coalition appeared:

Table with 4 columns: Year, Total, Senate, House. Shows percentage of coalition appearances from 1961 to 1968.

Coalition Victories, 1961-75

Table with 4 columns: Year, Total, Senate, House. Shows coalition victories from 1961 to 1975.

Average Scores

Following are the composite conservative coalition support and opposition scores for 1975; scores for 1974 are in parentheses:

Table showing Average Scores for Coalition Support and Coalition Opposition, broken down by Southern Democrats, Republicans, and Northern Democrats.

Regional Scores

SUPPORT

The parties' coalition support scores, by region, for 1975; scores for 1974 are in parentheses:

Table showing Regional Scores for Support, broken down by East, West, South, and Midwest for Democrats and Republicans.

OPPOSITION

The parties' coalition opposition scores, by region, for 1975; scores for 1974 are in parentheses:

Table showing Regional Scores for Opposition, broken down by East, West, South, and Midwest for Democrats and Republicans.

Individual Scores

SUPPORT

Highest Coalition Support Scores. Those who voted with the conservative coalition most consistently in 1975:

Table showing Individual Scores for Support, listing names of representatives and their support scores.

Sen. Byrd (Va.) elected as independent.

Northern Democrats

Table listing Northern Democrats and their support scores.

Northern Democrats

Table listing Northern Democrats and their support scores.

HOUSE

Table showing House scores for Southern Democrats and Republicans.

OPPOSITION

Highest Coalition Opposition Scores. Those who voted against the conservative coalition most consistently in 1975:

SENATE

Table showing Senate opposition scores for Southern Democrats and Republicans.

Northern Democrats

Table listing Northern Democrats and their support scores.

HOUSE

Table showing House scores for Southern Democrats and Republicans.

Northern Democrats

Table listing Northern Democrats and their support scores.

1975 Coalition Votes

Following is a list of all 1975 Senate and House votes on which the conservative coalition appeared during the first session of the 94th Congress.

SENATE VOTES (166)

Coalition Victories (80)—32, 33, 41, 56, 70, 71, 72, 80, 81, 88, 107, 126, 127, 141, 143, 158, 160, 190, 195, 199, 204, 205, 206, 207, 212, 219, 220, 237, 273, 313, 331, 340, 353, 355, 358, 366, 368, 372, 373, 380, 395, 397, 398, 403, 405, 410, 411, 414, 415, 427, 431, 432, 433, 439, 448, 449, 450, 451, 452, 454, 458, 479, 480, 481, 485, 493, 497, 517, 523, 524, 525, 526, 527, 528, 529, 530, 560, 587, 588, 589.

Coalition Defeats (86)—14, 15, 16, 18, 19, 20, 21, 22, 23, 25, 29, 30, 85, 86, 96, 102, 109, 112, 125, 128, 130, 137, 150, 166, 170, 175, 177, 180, 191, 193, 201, 213, 216, 309, 311, 312, 321, 336, 345, 347, 359, 361, 374, 375, 377, 381, 382, 384, 386, 396, 400, 401, 402, 404, 406, 407, 408, 409, 412, 417, 418, 419, 443, 444, 459, 468, 471, 476, 486, 489, 494, 495, 499, 504, 509, 512, 513, 515, 516, 532, 537, 538, 540, 543, 567, 582.

HOUSE VOTES (170)

Coalition Victories (89)—35, 37, 63, 74, 85, 98, 100, 102, 104, 107, 108, 110, 118, 148, 154, 159, 160, 161, 164, 169, 179, 200, 202, 203, 205, 208, 209, 211, 217, 225, 229, 237, 241, 246, 255, 264, 266, 275, 277, 282, 293, 296, 299, 312, 315, 322, 324, 345, 354, 355, 356, 357, 358, 359, 360, 361, 362, 370, 390, 403, 407, 410, 423, 427, 428, 430, 431, 432, 433, 440, 447, 457, 464, 468, 471, 472, 480, 481, 485, 507, 546, 550, 555, 556, 557, 558, 592, 600, 601.

Coalition Defeats (81)—6, 11, 18, 19, 21, 30, 46, 50, 59, 66, 72, 86, 87, 119, 172, 182, 183, 194, 232, 251, 253, 260, 265, 300, 301, 308, 310, 313, 318, 321, 323, 325, 326, 330, 347, 348, 349, 352, 353, 371, 378, 384, 395, 396, 402, 404, 406, 408, 409, 421, 426, 435, 437, 442, 452, 467, 475, 478, 486, 487, 488, 496, 497, 513, 519, 534, 541, 543, 551, 552, 563, 568, 570, 574, 580, 583, 584, 591, 594, 604, 612.

Conservative Coalition Support and Opposition: House

1. Conservative Coalition Support, 1975. Percentage of 170 conservative coalition recorded votes in 1975 on which representative voted "yea" or "nay" in agreement with the position of the conservative coalition.

2. Conservative Coalition Opposition, 1975. Percentage of 170 conservative coalition recorded votes in 1975 on which representative voted "yea" or "nay" in disagreement with the position of the conservative coalition.

3. Conservative Coalition Support, 93rd Congress. Percentage of 235 conservative coalition recorded votes in 1973 and 1974 on which representative voted "yea" or "nay" in agreement with the position of the conservative coalition.

4. Conservative Coalition Opposition, 93rd Congress. Percentage of 235 conservative coalition recorded votes in 1973 and 1974 on which representatives voted "yea" or "nay" in disagreement with the position of the conservative coalition.

Table with columns for state names and four columns of percentages (1, 2, 3, 4). Includes a key section at the top left explaining symbols like '† Not eligible for all recorded votes in 1975'.

Democrats Republicans

1. Rep. Jerry L. Pettis (R Calif.) died Feb. 14, 1975. He opposed the coalition on the one issue for which he was eligible. Rep. Shirley N. Pettis (R) sworn in May 6, 1975, to succeed her husband.

Table with columns for state names and four columns of percentages (1, 2, 3, 4). Continuation of the data from page 4.

Democrats Republicans

Individual Scores

Highest party unity scores—those who in 1975 most consistently voted with their party majority against the majority of the other party.

Table with 3 columns: Year, Total Record Votes, Party Unity Recorded Votes, Per Cent of Total. Rows include 1973, 1972, and 1971 for Both Chambers, Senate, and House.

Table of Individual Scores for SENATE and HOUSE, split by Democrats and Republicans. Lists names and percentages.

Victories, Defeats on Party Unity Votes

Table with 4 columns: Senate, House, Total. Rows show Democrats won, Republicans lost, etc.

Party Scores

Party unity and opposition-to-party scores below are composites of individual scores and show the percentage of time the average Democrat and Republican voted with his party majority in disagreement with the other party's majority.

Table of Party Scores for 1975 and 1974, split by DEM. and REP. for Party Unity and Opposition to Party.

Sectional Support, Opposition

(Figures in parentheses are for 1974)

Table of Sectional Support and Opposition for SENATE and HOUSE, split by Northern and Southern Democrats and Republicans.

Party Unity History

Composite party unity scores showing the percentage of time the average Democrat and Republican voted with his party majority in partisan votes in recent years:

Table of Party Unity History showing percentages for Democrats and Republicans from 1969 to 1975.

Large table of Individual Scores for 1975, organized by state and party affiliation. Includes a KEY section on the right.

Democrats Republicans *Buckley elected as Conservative **Byrd elected as independent

1 Sen. John A. Durkin (D N.H.) was sworn in Sept. 18, 1975, following a special election necessitated by a dispute over the outcome of the 1974 general election.

Party Unity and Party Opposition: Senate

1. Party Unity, 1975. Percentage of 288 Senate Party Unity votes in 1975, on which senator voted "yea" or "nay" in agreement with a majority of his party.

3. Party Unity, 93rd Congress. Percentage of 478 Senate Party Unity roll calls in 1973 and 1974 on which senator voted "yea" or "nay" in agreement with a majority of his party.

2. Party Opposition, 1975. Percentage of 288 Senate Party Unity votes in 1975 on which senator voted "yea" or "nay" in disagreement with a majority of his party.

4. Party Opposition, 93rd Congress. Percentage of 478 Senate Party Unity roll calls in 1973 and 1974 on which senator voted "yea" or "nay" in disagreement with a majority of his party.

Party Unity and Party Opposition: House

1. Party Unity, 1975. Percentage of 296 House Party Unity recorded votes in 1975 on which representative voted "yea" or "nay" in agreement with a majority of his party.

2. Party Opposition, 1975. Percentage of 296 House Party Unity recorded votes in 1975 on which representative voted "yea" or "nay" in disagreement with a majority of his party.

3. Party Unity, 93rd Congress. Percentage of 384 House Party Unity recorded votes in 1973 and 1974 on which representative voted "yea" or "nay" in agreement with the majority of his party.

4. Party Opposition, 93rd Congress. Percentage of 384 House Party Unity recorded votes in 1973 and 1974 on which representative voted "yea" or "nay" in disagreement with a majority of his party.

1. Rep. Jerry L. Pettis (R Calif.) died Feb. 14, 1975. He supported his party on four of the five votes for which he was eligible and opposed it on the other. Rep. Shirley N. Pettis (R) sworn in May 6, 1975, to replace her husband.

Table with columns for state, name, and four columns of percentages (1, 2, 3, 4). Includes a key section at the top left.

Democrats Republicans

Table with columns for state, name, and four columns of percentages (1, 2, 3, 4). Continuation of the data from the previous table.

Democrats Republicans

BIPARTISAN VOTING SHOWED DECLINE IN 1975

Members of Congress were not bound by party differences on about half of their recorded votes in 1975. According to Congressional Quarterly's annual study of bipartisan voting, majorities of Democrats and Republicans voted together on 52 per cent of the year's recorded votes.

Bipartisan voting was somewhat more common in the years immediately preceding 1975. Majorities of both parties agreed on 63 per cent of recorded votes in 1974. In 1973, the total was 59 per cent. The 1975 figure of 52 per cent was the lowest recorded since 1964, when bipartisanship showed up on 50 per cent of recorded votes.

Last year was the first session of the 94th Congress and, if past patterns hold, bipartisan voting will increase in 1976 even though it is a presidential election year. Congress as a whole usually has more bipartisan voting during the second session, largely because the House tends to be less partisan during years when its members are up for reelection.

In 1975, 630 of the 1,214 recorded votes Congress took showed bipartisan majorities. The votes were divided almost equally between the House and Senate, with each chamber recording scores of 52 per cent. In 1974, the House led in bipartisanship with 71 per cent, compared with 56 per cent in the Senate.

Democrats had a slight edge over Republicans in 1975 in supporting the bipartisan majorities. The average Senate Democrat was with the majority on bipartisan votes 73 per cent of the time, compared with 68 per cent for the average Senate Republican. In the House, the average Democrat agreed with bipartisan majorities 78 per cent of the time, while the Republicans agreed on 76 per cent of the votes.

Individual Scores

Most of the members with high bipartisan voting scores were moderates from both parties. Those who opposed the bipartisan majority most often were strongly conservative, strongly liberal or, in some cases, "maverick" voters who took unpredictable positions.

Senate

The Senate member with the highest bipartisan voting score, 90 per cent, was Republican J. Glenn Beall Jr. (Md.). Next in line was presidential hopeful Henry M. Jackson (D Wash.) with 88 per cent. Conservative Republican Jesse A. Helms (N.C.) had by far the highest Senate bipartisan opposition score, voting against majorities of both parties 50 per cent of the time. Another conservative Southerner, Harry F. Byrd Jr. (Va.), had the highest opposition score of Senate Democrats—38 per cent. (Byrd was elected as an independent.) One of the few liberals among those high on the opposition list (29 per cent) was William Proxmire (D Wis.), who often is characterized as a maverick voter.

House

In the House, the highest bipartisan scores went to Republican Ralph S. Regula (Ohio) (94 per cent) and

Definitions

Bipartisan Recorded Votes. Votes on which a majority of voting Democrats and a majority of voting Republicans agreed.

Bipartisan Support Scores. Percentage of bipartisan recorded votes on which a member votes "yea" or "nay" in agreement with the bipartisan majority. Failure to vote lowers the score.

Bipartisan Opposition Scores. Percentage of bipartisan recorded votes on which a member votes "yea" or "nay" in opposition to the bipartisan majority. A member's Support and Opposition scores add to 100 per cent only if the member voted on all bipartisan recorded votes.

Democrat William H. Natcher (Ky.) (93 per cent). House members who voted against the bipartisan majority most often were conservatives Larry P. McDonald (D Ga.) (50 per cent) and Steven D. Symms (R Idaho) (43 per cent). Several liberal Democrats also were high on the list, including Elizabeth Holtzman (N.Y.), Bella S. Abzug (N.Y.) and Ronald V. Dellums (Calif.).

Ford's Position

Many of the bipartisan votes came on procedural or noncontroversial matters, such as the Senate's 83-0 approval in February of a resolution calling for a study of the food stamp program. But others occurred on more substantive issues.

President Ford usually was on the side of the majority on bipartisan votes where he took a clear position (86 out of the total 630 bipartisan votes in 1975). Ford was with the majority in 44 out of 54 bipartisan votes in the Senate, and 21 out of 32 House votes.

A bipartisan vote in the Senate, for example, approved the Ford administration's much-debated proposal to station U.S. civilians in the Middle East to monitor a peace settlement. The bipartisan majority bucked the President on another foreign policy vote in the Senate, disapproving funds the administration wanted to support a faction in the Angolan civil war.

Ford was on the winning side of one surprise bipartisan House vote in 1975—the 345-72 rejection of a proposal to authorize a gasoline tax of 20 cents a gallon. The Ways and Means Committee had built its congressional energy conservation program around the gas tax increase, but the President opposed the politically unpopular proposal.

Bipartisan majorities in the House opposed Ford's position by voting to overturn stringent new administration food stamp rules, approve strip mining control legislation

Presidential Victories, Defeats

The table below gives details of presidential wins and losses on bipartisan votes taken during 1975:

Bipartisan Votes	630
Senate	314
House	316
Presidential Positions	86
Senate	54
House	32
Presidential Victories	65
Senate	44
House	21
Presidential Defeats	21
Senate	10
House	11

and block funds for negotiation of a new treaty on the Panama Canal. (1975 key votes, *Weekly Report* p. 79)

Other Votes

Among the bipartisan votes taken in the Senate in 1975 were 15 separate recorded votes on procedural questions that arose as conservatives tried unsuccessfully to block a proposal to relax the Senate cloture rule and make it easier to cut off filibusters. A bipartisan majority in the Senate prevailed again on four votes defending a proposal to increase senators' staff allowances.

In the House, bipartisan majorities united on eight votes related to defense procurement, turning back efforts to trim the Pentagon's buying power. Reflecting the public dissatisfaction with politicians, majorities of both parties in the House supported a modest pay increase for themselves instead of a more generous boost.

Bipartisan Scoreboard

	Total Recorded Votes	Bipartisan Recorded Votes	Per Cent of Total
Both Chambers	1,214	630	52%
Senate	602	314	52
House	612	316	52

Party Scores

The following bipartisan support and opposition scores are composites—the percentage of times the average party member voted with or against a bipartisan majority of the Senate and House. Failures to vote lower both support and opposition scores.

	1975		1974	
	Dem.	Rep.	Dem.	Rep.
Bipartisan Support				
Senate	73%	68%	72%	66%
House	78	76	74	74
Bipartisan Opposition				
Senate	15%	21%	15%	19%
House	12	14	11	14

Individual Scores

Highest bipartisan support scores—those who voted with bipartisan majorities most consistently in 1975:

SENATE

Democrats	Republicans
Jackson (Wash.) 88%	Beall (Md.) 90%
Randolph (W.Va.) 86	Stafford (Vt.) 84
Leahy (Vt.) 85	Domenici (N.M.) 84
Ford (Ky.) 84	Pearson (Kan.) 82
Mondale (Minn.) 84	Scott (Pa.) 82

HOUSE

Democrats	Republicans
Natcher (Ky.) 93%	Regula (Ohio) 94%
Hall (Ill.) 92	Thone (Neb.) 91
Burke (Mass.) 92	McDade (Pa.) 91
Preyer (N.C.) 92	Sarasin (Conn.) 89
McFall (Calif.) 91	Carter (Ky.) 88
Murphy (Ill.) 91	Guyer (Ohio) 88
Roush (Ind.) 91	Buchanan (Ala.) 87
Sharp (Ind.) 91	Smith (Neb.) 87
Perkins (Ky.) 91	Rinaldo (N.J.) 87
Hanley (N.Y.) 91	
Lloyd (Tenn.) 91	
Zablocki (Wis.) 91	

Highest bipartisan opposition scores—those who voted against bipartisan majorities most consistently in 1975:

SENATE

Democrats	Republicans
Byrd (Va.)† 38%	Helms (N.C.) 50%
Allen (Ala.) 36	Scott (Va.) 45
Talmadge (Ga.) 31	McClure (Idaho) 41
Proxmire (Wis.) 29	Fannin (Ariz.) 40
Nunn (Ga.) 27	Curtis (Neb.) 40

†Byrd (Va.) elected as independent.

HOUSE

Democrats	Republicans
McDonald (Ga.) 50%	Symms (Idaho) 43%
Satterfield (Va.) 30	Collins (Texas) 42
Holtzman (N.Y.) 30	Crane (Ill.) 40
Hechler (W.Va.) 29	Bauman (Md.) 33
Abzug (N.Y.) 28	Hansen (Idaho) 33
Burleson (Texas) 27	Steiger (Ariz.) 31
Dellums (Calif.) 27	Shuster (Pa.) 31
Schroeder (Colo.) 26	Roussetot (Calif.) 30

- KEY -

† Not eligible for all recorded votes in 1975.
* Not eligible for all recorded votes in 93rd Congress.
-Not a member of 93rd Congress.

Bipartisan Support and Opposition: House

1. Bipartisan Support, 1975. Percentage of 316 "bipartisan" recorded votes in 1975 on which representative voted "yea" or "nay" in agreement with majorities of voting Democrats and voting Republicans. Failures to vote lower both Support and Opposition scores.

2. Bipartisan Opposition, 1975. Percentage of 316 "bipartisan" recorded votes in 1975 on which representatives voted "yea" or "nay" in disagreement with majorities of voting Democrats and voting Republicans. Failures to vote lower both Support and Opposition scores.

3. Bipartisan Support, 93rd Congress. Percentage of 694 "bipartisan" recorded votes in 1973 and 1974 on which representative voted "yea" or "nay" in agreement with majorities of voting Democrats and voting Republicans. Failures to vote lower both Support and Opposition scores.

4. Bipartisan Opposition, 93rd Congress. Percentage of 694 "bipartisan" recorded votes in 1973 and 1974 on which representative voted "yea" or "nay" in disagreement with majorities of voting Democrats and voting Republicans. Failures to vote lower both Support and Opposition scores.

1. Rep. Jerry L. Pettis (R Calif.) died Feb. 14, 1975. He supported the bipartisan majority on the one vote for which he was eligible. Rep. Shirley N. Pettis (R) sworn in May 6, 1975, to replace her husband.
2. Rep. John C. Kluczynski (D Ill.) died Jan. 27, 1975. He was not eligible for any bipartisan votes. Rep. John G. Fary (D) sworn in July 15, 1975, to replace Kluczynski.
3. Rep. Carl Albert, as Speaker, votes at his own discretion.
4. Rep. Richard Fulton (D Tenn.) resigned Aug. 14, 1975. His scores for 1975 were 53 per cent support and three per cent opposition. Rep. Clifford Allen (D) sworn in Dec. 2, 1975, to replace Fulton.

Table with columns for state, name, and four columns of scores (1, 2, 3, 4). Includes states like ALABAMA, ALASKA, ARIZONA, ARKANSAS, CALIFORNIA, etc.

Democrats Republicans

Table with columns for state, name, and four columns of scores (1, 2, 3, 4). Includes states like KANSAS, KENTUCKY, LOUISIANA, MAINE, MARYLAND, MASSACHUSETTS, MICHIGAN, MINNESOTA, MISSISSIPPI, MISSOURI, NEBRASKA, NEVADA, NEW HAMPSHIRE, NEW JERSEY, NEW MEXICO, NEW YORK, NORTH CAROLINA, NORTH DAKOTA, OHIO, OKLAHOMA, OREGON, PENNSYLVANIA, RHODE ISLAND, SOUTH CAROLINA, SOUTH DAKOTA, TENNESSEE, TEXAS, UTAH, VERMONT, VIRGINIA, WEST VIRGINIA, WISCONSIN, WYOMING.

Democrats Republicans

Table with 5 columns: State, Name, 1, 2, 3, 4. Rows include ALABAMA, ALASKA, ARIZONA, ARKANSAS, CALIFORNIA, COLORADO, CONNECTICUT, DELAWARE, FLORIDA, GEORGIA, HAWAII, IDAHO, ILLINOIS, INDIANA, IOWA, KANSAS, KENTUCKY, LOUISIANA, MAINE, MARYLAND, MASSACHUSETTS, MICHIGAN, MINNESOTA, MISSISSIPPI, MISSOURI, MONTANA, NEBRASKA, NEVADA, NEW HAMPSHIRE, NEW JERSEY, NEW MEXICO, NEW YORK, NORTH CAROLINA, NORTH DAKOTA, OHIO, OKLAHOMA, OREGON, PENNSYLVANIA, RHODE ISLAND, SOUTH CAROLINA, SOUTH DAKOTA, TENNESSEE, TEXAS, UTAH, VERMONT, VIRGINIA, WASHINGTON, WEST VIRGINIA, WISCONSIN, WYOMING.

- KEY -

† Not eligible for all recorded votes in 1975. * Not eligible for all recorded votes in 93rd Congress. —Not a member of 93rd Congress.

1 2 3 4

Table with 5 columns: State, Name, 1, 2, 3, 4. Rows include TEXAS (Bentsen, Tower), UTAH (Moss, Garn), VERMONT (Leahy, Stafford), VIRGINIA (Byrd, Scott), WASHINGTON (Jackson, Magnuson), WEST VIRGINIA (Byrd, Randolph), WISCONSIN (Nelson, Proxmire), WYOMING (McGee, Hansen).

Democrats Republicans

*Buckley elected as Conservative.

**Byrd elected as independent.

1. Sen. John A. Durkin (D N.H.) sworn in Sept. 18, 1975, following a special election necessitated by a dispute over the outcome of the 1974 general election. The seat was vacant from Jan. 3 to Aug. 8, 1975, when Sen. Norris Cotton (R) was appointed to serve until a successor was elected. Cotton's scores were 50 per cent support and 20 per cent opposition.

Bipartisan Support and Opposition: Senate

1. Bipartisan Support, 1975. Percentage of 314 "bipartisan" votes in 1975 on which senator voted "yea" or "nay" in agreement with majorities of voting Democrats and voting Republicans. Failures to vote lower both Support and Opposition scores.

2. Bipartisan Opposition, 1975. Percentage of 314 "bipartisan" votes in 1975 on which senator voted "yea" or "nay" in disagreement with majorities of voting Democrats and voting Republicans. Failures to vote lower both Support and Opposition scores

3. Bipartisan Support, 93rd Congress. Percentage of 660 "bipartisan" votes in 1973 and 1974 on which senator voted "yea" or "nay" in agreement with majorities of voting Democrats and voting Republicans. Failures to vote lower both Support and Opposition scores.

4. Bipartisan Opposition, 93rd Congress. Percentage of 660 "bipartisan" votes in 1973 and 1974 on which senator voted "yea" or "nay" in disagreement with majorities of voting Democrats and voting Republicans. Failures to vote lower both Support and Opposition scores.

IOWA CAUCUSES: AN EARLY TRIUMPH FOR CARTER



Months of spadework and a cool campaign style brought Jimmy Carter a resounding victory in the Iowa caucuses Jan. 19, bringing him within reach of the benefits and perils of early front-runner status.

The former Georgia governor won no delegates in Iowa; none will be formally selected there for more than two months. But within hours of the caucuses, he already had the newspaper headlines and television coverage that made George McGovern a credible Democratic contender in 1972.

The caucus results quickly produced arguments that Carter would be unlikely to duplicate his showing in other states. Rival candidates pointed out that Carter held no political office in 1975, giving him an advantage in campaign days that will disappear now that others are running full-time. Other analysts noted that Carter won in Iowa on personal charm and individual contact, and that this will be impractical in larger states.

Nevertheless, the importance of the Iowa result to Carter's national standing was hard to overlook. If nothing else, he opened up a wide margin over Sen. Birch Bayh of Indiana, who drew less than half Carter's vote even though the two were expected to finish about even. Also disappointed were Rep. Morris K. Udall of Arizona, who finished a poor fourth despite months of effort, and Sargent Shriver, who did not show the strength he had hoped for in the Catholic neighborhoods of the larger cities.

The only candidate other than Carter who seemed pleased was former Sen. Fred R. Harris of Oklahoma, who finished third. "The winnowing-out process has begun," he told supporters, "and we have been winnowed in."

With 88 per cent of the caucus vote counted, Carter had 27.6 per cent, Bayh 13.2, Harris 9.9, Udall 6.0, Shriver 3.3, and Sen. Henry M. Jackson of Washington 1.1. All the candidates fell below the 37.1 per cent recorded for an "uncommitted" preference. The heavy uncommitted vote was seen by some as a sign of disenchantment with all the contenders, but others said it simply reflected tactical decisions based on the political situation in individual precincts.

GOP Results

Iowa Republicans caucused Jan. 19 too, but the GOP rules of operation made the result unclear, and detracted from the media attention. Republicans did not require caucus participants to state their candidate preference, so it was hard to tell who favored whom. The candidates themselves did not give the caucuses much attention; President Ford did not visit at all and Ronald Reagan made only a brief airport appearance.

The only clue to Republican preference was a straw poll conducted at 62 randomly selected caucus sites of 583 participants. It was conducted by the GOP state committee to spur interest in the event. The response was a virtual dead heat: 45.3 per cent for Ford, 42.5 per cent for Reagan, and 10.6 per cent uncommitted. The Reagan campaign claimed the poll showed Ford was in trouble in the Midwest, arguing that the President should have done better with the support

of Iowa's Republican Gov. Robert Ray and much of the state party leadership. A spokesman for the Republican State Committee, however, stressed that the low uncommitted total indicated the satisfaction of party voters with their two options for President.

The Last War

The news coverage of the Democratic caucuses was unprecedented. Never had a caucus state attracted so much attention, either from candidates or reporters. The political news from Iowa was nearly as frequent as the news from New Hampshire, scheduled to hold the first primary Feb. 24.

Part of this was due to a rules change. In 1976, all caucus participants are required to state either their candidate preference or their desire to remain uncommitted. This permits an instant hard count of candidate strength, and has made caucus coverage in all states simpler.

Perhaps more important, however, was the success of McGovern in the Iowa caucuses in 1972.

McGovern made an unexpectedly strong showing in Iowa, winning 22.6 per cent of the vote, compared to 35.8 per cent uncommitted and 35.5 per cent for the acknowledged frontrunner, Maine Sen. Edmund S. Muskie. McGovern's percentage, seven times larger than his standing in the national polls at the time, was a breakthrough in his effort to show that he was more than a fringe candidate.

Viewing the emphasis placed on Iowa by Democratic contenders this year, Rick Stearns, McGovern's 1972 caucus strategist, commented: "Like the generals fighting the last war, the candidates themselves make Iowa important in 1976." Both McGovern and Muskie campaigned less than a week between them in Iowa, used no broadcast advertising and left the bulk of the work to their staffs.

But this year's crop of contenders, hoping to duplicate McGovern's grass-roots success, gave the state an unprecedented amount of personal attention. The six active

contenders spent a total of 85 days campaigning in the state. Three of them—Carter, Harris and Udall—reportedly spent over \$10,000 apiece on broadcast media.

Carter began organizing his Iowa operation in early 1975, well before the other candidates. He established a diversified, broad-based organization, headed by a prominent labor leader, a leading McCarthy supporter in 1968, a black civic leader and the party's 1974 nominee for governor. Carter himself campaigned frequently in Iowa. His appeal to varied segments of the Democratic electorate was evident in demographic information compiled by the Democratic State Committee from sample precincts.

The committee divided the vote into five demographic areas—blue-collar, white-collar, city, town and rural precincts. Carter won about one-third of the vote in all but city precincts, where he received an 18-per-cent share. The sample indicated that the runner-up among the candidates, Birch Bayh, made his best showing in town precincts, where he won 19 per cent, but fell to a low of 4 per cent in the rural precincts. The latter was a surprise, since Bayh had stressed his Indiana farm heritage in bidding for votes and was expected to do much better in rural Iowa.

Among the other candidates, the state committee survey indicated that only one, Harris, was able to carry over 10 per cent of the vote from any demographic area. He received 13 per cent of the vote in rural precincts, 11 per cent in cities.

The demographic analysis of sample precincts was just one measure used by the Democratic State Committee to stimulate interest in the party caucuses. To assist the candidates, the party made available lists of voters who had attended earlier precinct caucuses. For the media, they established a "caucus central" at the Des Moines Hilton and placed volunteers at the 2,530 precinct caucuses around the state to phone in the results. A spokesman at the state committee estimated the entire operation cost \$30,000, but expected the venture to pay off in contributions.

The precinct meetings, attended by an estimated 45,000 Democrats and 25,000 to 35,000 Republicans, were the first step in the multi-tier caucus process.

The process is similar for both parties but unfolds on different dates. Delegates elected in the Democratic precinct caucuses go to county conventions on March 6, which in turn elect delegates to both the congressional district conventions on April 10 and the state convention on May 29. Forty of the national convention delegates are chosen at the six district conventions. The remaining seven are selected by the state convention. At all levels, a candidate or uncommitted group must have at least 15 per cent of the vote to win a proportionate share of the delegates.

The results of the precinct caucuses do not dictate the composition of the Iowa national convention delegation. The dispersal of the uncommitted bloc and the withdrawal of candidates before the convention will affect the Iowa vote. In 1972 McGovern's national surge toward the nomination resulted in his improved showing in the later stages of the Iowa caucus process. He ended up receiving 35 of Iowa's 46 votes on the first ballot.

The Republican caucus process is similar to that of the Democrats, with county conventions on Feb. 28 electing delegates to the state convention on June 18 and 19. Thirty national convention delegates will be chosen in six congressional district caucuses on June 18. The following day, their selections will be ratified and six more delegates chosen by the full state convention.

—By Rhodes Cook

POLITICAL NOTES

Illinois Filing

Seven presidential candidates were certified by the Illinois Board of Elections for places on the advisory presidential preference ballot in the state's primary.

The three Republican entries are President Ford, former Gov. Ronald Reagan of California and Lar (America First) Daly. The four Democratic candidates are former Gov. Jimmy Carter of Georgia, former Sen. Fred Harris of Oklahoma, Sargent Shriver and Gov. George C. Wallace of Alabama.

Under Illinois law, the preference vote has no bearing on the selection of delegates. Most of the delegates to the Democratic and Republican national conventions are elected separately, from congressional districts, with their presidential preference or uncommitted status identified on the ballot.

The filing deadline for delegate candidates was Jan. 14. Following is an unofficial breakdown of the preferences of delegate candidates. On the Democratic side, 170 are running pledged to Gov. Daniel Walker, 152 to Sen. Adlai E. Stevenson III, 135 to Wallace, 93 to Carter, 80 to Harris, 38 to Sen. Hubert H. Humphrey (Minn.), 18 to Shriver, 14 to Rep. Morris K. Udall (Ariz.), 10 to Sen. Edward M. Kennedy (Mass.), seven to Sen. Birch Bayh (Ind.), one each to Sens. Lloyd Bentsen (Texas) and Henry M. Jackson (Wash.), and 109 uncommitted.

On the Republican side, 90 candidates for delegate filed pledged to Ford, 85 to Reagan and 56 uncommitted. The total number of delegates may be reduced slightly by withdrawals or failure to gain certification due to a lack of enough signatures on filing petitions.

Florida Ballot

Fourteen presidential candidates were placed on the ballot Jan. 12 for the March 9 Florida primary. The list of candidates was announced by Secretary of State Bruce Smathers, who headed the seven-member Presidential Candidates Selection Committee. Listed on the ballot are all nationally recognized candidates. Other candidates may gain a spot on the ballot by submitting a written request to the Secretary of State, who will call a committee meeting after Feb. 10 to consider the requests.

The committee approved the names of two Republicans—Ford and Reagan—and 12 Democrats: Bayh, Bentsen, Sen. Robert C. Byrd (W.Va.), Carter, Sen. Frank Church (Idaho), Harris, Jackson, former Gov. Terry Sanford (N.C.), Gov. Milton J. Shapp (Pa.), Shriver, Udall and Wallace.

Claiming that he was not a candidate, Church attempted to have his name removed from the ballot. But the committee refused, noting that although not an announced candidate, Church had a campaign committee raising money. Florida law provides that a candidate may withdraw his name only by submitting an affidavit stating that he is not a candidate and does not intend to become one. Sens. Humphrey and Kennedy both submitted such affidavits.

In 1972 the names of 14 candidates appeared on the Florida ballot—3 Republicans and 11 Democrats. Wallace was an easy winner in the Democratic primary.

CANDIDATES '76: TYDINGS, METZENBAUM TRY AGAIN

Two former Democratic senators launched comeback campaigns in mid-January, hoping their experience and name-recognition will help them in primaries against ambitious young House members seeking to move to the Senate.

Joseph D. Tydings of Maryland, ousted after one term in 1970 by Republican J. Glenn Beall Jr., believes voters were misled that year. He was badly damaged the month before the election by charges of conflict-of-interest leaked to *Life Magazine* by the Nixon administration. The charges were never substantiated, but they may have cost Tydings his seat.

Now he wants it back. But he has serious problems within his party from Rep. Paul S. Sarbanes, who has been planning to run for more than a year and has been organizing for months. Beall is considered vulnerable, but many Democrats question whether Tydings can get the nomination to oppose him.

The Ohio situation has some similarities. A former Democratic incumbent, Howard M. Metzenbaum, is running against a House Democrat, James V. Stanton.

But there are differences. Metzenbaum's incumbency was brief; he was appointed in January 1974 to fill a vacancy created when William B. Saxbe (R 1969-74) resigned to become attorney general. Four months later, he was beaten by John Glenn for the Democratic nomination to a full term. His total service was less than a year.

Nevertheless, he is using his Senate experience as a campaign issue. "I was a good senator," he said when he announced, noting his fight against oil and gas companies. Stanton, a three-term representative from Cleveland, said he was running against bigness in business and bigness in government. He announced Jan. 19.

Both Metzenbaum and Stanton want the seat held by Republican Robert Taft Jr., who defeated Metzenbaum in 1970. There is a third Democrat considering the contest—former Gov. John J. Gilligan (D 1971-75).

Utah

Another Senate campaign came into focus Jan. 15 with the announcement by Jack W. Carlson, a Republican and a former assistant secretary of the interior, that he will challenge Democratic Sen. Frank E. Moss of Utah.

The Interior Department is something of a stepping stone to Senate politics this year; another assistant secretary, Jack Horton, is expected to challenge Democratic Sen. Gale W. McGee in Wyoming.

Both are underdogs. Carlson, 42, said in announcing that he would fight the "runaway growth" of government. He may have opposition within the GOP from former U.S. Rep. Sherman P. Lloyd (1963-65; 1967-73), Utah Attorney General Vernon Romney, or advertising executive Desmond Barker.

Horton, 38, seems to have little opposition for his nomination. Other Wyoming Republicans have shown little interest in an uphill contest against McGee.

Missouri

In a Missouri Senate development, former U.S. Attorney F. Russell Millin of Kansas City announced Jan. 9 for the Democratic nomination to succeed Stuart Symington (D), who is retiring.



Howard M. Metzenbaum



Joseph D. Tydings

There are already several major contenders for that nomination. Former Gov. Warren E. Hearnes (1965-73) is the only one who has announced, but candidacies are expected from U.S. Rep. James W. Symington, who is Stuart's son, and from U.S. Rep. Jerry Litton. Another likely entrant is Charles B. Wheeler Jr., the mayor of Kansas City. Missouri Attorney General John C. Danforth is expected to be the Republican nominee. He lost narrowly to Symington in 1970.

New York

The New York Senate field added another candidate Jan. 18. He is Abe Hirschfeld, 55, a wealthy building contractor who finished last in the Democratic primary in 1974 and drew nearly a quarter of the vote with an intensive television campaign. His media blitz this year began with the theme: "Let a businessman put New York back in business."

There are numerous Democratic possibilities for the New York seat of James L. Buckley, who was elected in 1970 as a Conservative but joined the Republican conference in the Senate.

Governors

Amid the rush of Senate announcements, there were interesting gubernatorial developments. Gerard J. Zeiller, New Hampshire's former commissioner of health and welfare, announced a primary challenge to Meldrim Thomson Jr., the state's incumbent Republican governor. Thomson, a hard-line conservative, turned back moderate opponents to win the nomination in 1972 and 1974. His Republican rivals had been expected to launch a similar effort against him in 1976; Zeiller may be their man.

And in Indiana, State Treasurer Jack L. New announced his candidacy Jan. 14 for the Democratic gubernatorial nomination. The Democratic primary is attracting a crowd even though the Republican incumbent, Gov. Otis L. Bowen, appears strong.

Already announced on the Democratic side is the secretary of state, Larry Conrad. Expected to join the field is State Sen. Robert Fair of Princeton. Conrad is the best-known, but has made enemies within the party during his five years in state government.

In making his announcement, New said Bowen was lax about holding down state spending. He said he would show "how costly and reckless the spending is."

1. HR 7897. Indochinese Refugee Education Aid. Quie (R Minn.) amendment to reimburse local school districts...

2. HR 7897. Indochinese Refugee Education Aid. Passage of the bill to make federal grants to states to reimburse local school districts...

3. HR 10537. Federal Reclamation Projects. Johnson (D Calif.) motion to suspend the rules and pass the bill to authorize \$77.3-million for federal reclamation projects in Wyoming, North Dakota, Oregon and South Dakota...

4. HR 3710. 101st Airborne Memorial. Nedzi (D Mich.) motion to suspend the rules and pass the bill to authorize the 101st Airborne Division Association to erect a memorial in the District of Columbia or surrounding area...

5. S 2718. Railroad Revitalization. Staggers (D W.Va.) motion to suspend the rules and adopt the resolution (H Con Res 527) to rescind House and Senate action of Dec. 19, 1975...

6. HR 6721. Coal Leasing Amendments. Adoption of the resolution (H Res 965) providing for House floor consideration of the bill (see vote 10, p. 194).

7. HR 6721. Coal Leasing Amendments. Hechler (D W.Va.) amendment to prohibit any coal mining operations in the national park system, the national wildlife refuge system, the national wilderness preservation system, the national system of trails and the wild and scenic rivers system.

8. HR 6721. Coal Leasing Amendments. Ruppe (R Mich.) amendment to delete from the bill language to limit the size of a logical coal mining unit to 25,000 acres.

Table with columns for KEY, 1-8, and rows for various states including ALABAMA, ALASKA, ARIZONA, ARKANSAS, CALIFORNIA, CONNECTICUT, DELAWARE, FLORIDA, GEORGIA, HAWAII, ILLINOIS, INDIANA, IOWA, KANSAS, KENTUCKY, LOUISIANA, MAINE, MARYLAND, MASSACHUSETTS, MICHIGAN, MINNESOTA, MISSISSIPPI, MISSOURI, MONTANA, NEBRASKA, NEVADA, NEW HAMPSHIRE, NEW JERSEY, NEW MEXICO, NEW YORK, NORTH CAROLINA, NORTH DAKOTA, OHIO, OKLAHOMA, OREGON, PENNSYLVANIA, RHODE ISLAND, SOUTH CAROLINA, SOUTH DAKOTA, TENNESSEE, TEXAS, UTAH, VERMONT, VIRGINIA, WASHINGTON, WEST VIRGINIA, WISCONSIN, WYOMING.

Democrats Republicans

Table with columns for 1-8 and rows for various states including ALABAMA, ALASKA, ARIZONA, ARKANSAS, CALIFORNIA, CONNECTICUT, DELAWARE, FLORIDA, GEORGIA, HAWAII, ILLINOIS, INDIANA, IOWA, KANSAS, KENTUCKY, LOUISIANA, MAINE, MARYLAND, MASSACHUSETTS, MICHIGAN, MINNESOTA, MISSISSIPPI, MISSOURI, MONTANA, NEBRASKA, NEVADA, NEW HAMPSHIRE, NEW JERSEY, NEW MEXICO, NEW YORK, NORTH CAROLINA, NORTH DAKOTA, OHIO, OKLAHOMA, OREGON, PENNSYLVANIA, RHODE ISLAND, SOUTH CAROLINA, SOUTH DAKOTA, TENNESSEE, TEXAS, UTAH, VERMONT, VIRGINIA, WASHINGTON, WEST VIRGINIA, WISCONSIN, WYOMING.

Democrats Republicans 1. Rep. James F. Hastings resigned effective at the close of business Jan. 20, 1976.

KEY		9	10	11	12
Y	Voted for (yea)				
✓	Paired for.				
†	Announced for.				
N	Voted against (nay).				
X	Paired against.				
-	Announced against.				
P	Voted "present."				
●	Voted "present" to avoid possible conflict of interest.				
?	Did not vote or otherwise make a position known.				

	9	10	11	12
ALABAMA				
1 Edwards	Y	Y	Y	Y
2 Dickinson	N	N	Y	Y
3 Nichols	N	Y	Y	Y
4 Beville	N	Y	Y	Y
5 Jones	N	Y	Y	Y
6 Buchanan	N	Y	Y	Y
7 Flowers	N	Y	Y	Y
ALASKA				
AL Young	Y	N	Y	Y
ARIZONA				
1 Rhodes	Y	N	Y	Y
2 Udall	N	Y	Y	?
3 Steiger	Y	N	Y	Y
4 Conlan	Y	N	Y	Y
ARKANSAS				
1 Alexander	N	Y	Y	Y
2 Mills	Y	N	Y	Y
3 Hammerschmidt	Y	N	Y	N
4 Thornton	N	Y	Y	Y
CALIFORNIA				
1 Johnson	N	Y	Y	Y
2 Clausen	N	Y	Y	Y
3 Moss	N	Y	Y	Y
4 Leggett	N	Y	Y	?
5 Burton, J.	N	Y	Y	Y
6 Burton, P.	N	Y	Y	Y
7 Miller	N	Y	Y	Y
8 Dellums	N	Y	Y	Y
9 Stark	N	Y	Y	Y
10 Edwards	N	Y	Y	Y
11 Ryan	N	Y	Y	Y
12 McCloskey	N	Y	Y	Y
13 Mineta	N	Y	Y	Y
14 McFall	N	Y	Y	Y
15 Sisk	N	?	Y	Y
16 Talcott	N	Y	Y	Y
17 Krebs	N	?	Y	Y
18 Ketchum	Y	N	Y	N
19 Legomarsino	Y	Y	?	Y
20 Goldwater	Y	Y	Y	Y
21 Corman	N	Y	Y	Y
22 Moorhead	Y	Y	Y	Y
23 Rees	N	Y	Y	Y
24 Waxman	N	Y	Y	Y
25 Roybal	N	Y	Y	Y
26 Rousselot	Y	N	Y	Y
27 Bell	Y	Y	Y	Y
28 Burke	N	Y	Y	Y
29 Hawkins	N	Y	Y	Y
30 Danielson	N	Y	Y	Y
31 Wilson	N	Y	Y	Y
32 Anderson	N	Y	Y	Y
33 Clawson	Y	N	Y	Y
34 Hannaford	N	Y	Y	Y
35 Lloyd	N	Y	Y	Y
36 Brown	?	?	Y	Y
37 Pettis	?	?	?	?
38 Patterson	N	Y	Y	Y
39 Wiggins	Y	?	Y	Y
40 Hinshaw	?	?	?	?
41 Wilson	N	Y	Y	Y
42 Van Deeren	N	Y	Y	Y
43 Burgener	Y	Y	Y	Y
COLORADO				
1 Schroeder	N	Y	Y	Y
2 Wirth	N	Y	Y	Y
3 Evans	N	Y	Y	Y
4 Johnson	N	Y	Y	Y

9. HR 6721. Coal Leasing Amendments. Ruppe (R Mich.) motion to recommit the bill (and thus kill it) to the Committee on Interior and Insular Affairs. Rejected 80-319: R 62-69; D 18-250 (ND 3-182; SD 15-68), Jan. 21, 1976.

10. HR 6721. Coal Leasing Amendments. Passage of the bill to amend the Mineral Leasing Act of 1920 to revise procedures governing the leasing and development of coal deposits on federal lands. Passed 344-51: R 95-35; D 249-16 (ND 180-2; SD 69-14), Jan. 21, 1976.

11. HR 10807. Motor Vehicle Information and Cost Savings Amendments. Adoption of the resolution (H Res 967) providing for House floor consideration of the bill to authorize fiscal 1976-77 funds to carry out the Motor Vehicle Information and Cost Savings Act and strengthen federal authority to enforce the prohibition against tampering with auto odometers. Adopted 386-0: R 126-0; D 260-0 (ND 183-0; SD 77-0), Jan. 22, 1976.

12. HR 10807. Motor Vehicle Information and Cost Savings Amendments. Passage of the bill to authorize \$11.2-million in fiscal 1976-77 for the Department of Transportation to carry out the Motor Vehicle Information and Cost Savings Act, and to strengthen the department's authority to enforce the prohibition against tampering with auto odometers. Passed 369-18: R 116-12; D 253-6 (ND 180-2; SD 73-4), Jan. 22, 1976.

Democrats Republicans

	9	10	11	12
KANSAS				
1 Sebellus	Y	Y	Y	Y
2 Keys	N	Y	Y	Y
3 Winn	Y	Y	?	Y
4 Shriver	Y	Y	Y	Y
5 Skubitz	Y	N	Y	Y
KENTUCKY				
1 Hubbard	N	Y	Y	Y
2 Natcher	N	Y	Y	Y
3 Mazzoli	N	Y	Y	Y
4 Snyder	Y	N	Y	Y
5 Carter	N	Y	Y	Y
6 Breckinridge	N	Y	Y	Y
7 Perkins	N	Y	Y	Y
LOUISIANA				
1 Hebert	?	?	?	?
2 Boggs	N	Y	Y	Y
3 Treen	Y	N	Y	Y
4 Waggonner	N	Y	Y	N
5 Passman	N	Y	?	?
6 Moore	Y	N	Y	Y
7 Breaux	Y	N	Y	?
8 Long	N	Y	Y	Y
MAINE				
1 Emery	N	Y	Y	Y
2 Cohen	N	Y	Y	Y
MARYLAND				
1 Bauman	Y	N	Y	N
2 Long	N	Y	Y	Y
3 Sarbanes	N	Y	Y	Y
4 Holt	Y	Y	Y	N
5 Spellman	N	Y	Y	Y
6 Byron	N	Y	Y	Y
7 Mitchell	N	Y	Y	Y
8 Gude	N	Y	Y	Y
MASSACHUSETTS				
1 Conte	N	Y	Y	Y
2 Boland	N	Y	Y	Y
3 Early	N	Y	Y	Y
4 Drinan	N	Y	Y	Y
5 Tsongas	N	Y	Y	Y
6 Harrington	N	Y	?	?
7 Macdonald	N	Y	Y	Y
8 O'Neill	N	Y	Y	Y
9 Moakley	N	Y	Y	Y
10 Hecker	N	Y	Y	Y
11 Burke	N	Y	Y	Y
12 Studds	N	Y	Y	Y
MICHIGAN				
1 Conyers	?	Y	Y	Y
2 Eash	N	Y	?	?
3 Brown	Y	N	Y	N
4 Hutchinson	Y	Y	N	Y
5 Vander Veen	N	Y	Y	Y
6 Carr	N	Y	Y	Y
7 Riegle	?	?	Y	Y
8 Trauxler	N	Y	Y	Y
9 Vander Jagt	?	?	?	?
10 Cederberg	Y	Y	Y	Y
11 Ruppe	Y	N	Y	Y
12 O'Hara	N	Y	?	?
13 Diggs	?	?	?	?
14 Nedzi	N	Y	Y	Y
15 Ford	N	Y	?	?
16 Dingell	N	Y	Y	Y
17 Brodhead	N	Y	Y	Y
18 Blanchard	N	Y	Y	Y
19 Broomfield	N	Y	?	Y
MINNESOTA				
1 Quie	N	Y	Y	Y
2 Hagedorn	N	Y	Y	Y
3 Frenzel	N	Y	Y	Y
4 Karth	N	Y	Y	Y
5 Fraser	?	?	Y	Y
6 Nolan	N	Y	Y	Y
7 Bergland	N	Y	Y	Y
8 Oberstar	N	Y	Y	Y
MISSISSIPPI				
1 Whitten	N	Y	Y	?
2 Bowen	N	Y	Y	Y
3 Montgomery	N	Y	Y	Y
4 Cochran	N	Y	Y	Y
5 Lott	N	Y	Y	Y
MISSOURI				
1 Clay	N	Y	Y	Y
2 Symington	N	Y	Y	Y
3 Sullivan	N	Y	Y	Y
4 Randall	Y	N	Y	Y
5 Bolling	N	Y	Y	Y
6 Litton	N	Y	?	?
7 Taylor	Y	N	Y	Y
8 Ichord	N	Y	Y	N
9 Hungate	N	?	Y	Y
10 Burlington	N	Y	Y	Y
MONTANA				
1 Baucus	N	Y	Y	Y
2 Melcher	N	Y	Y	Y
NEBRASKA				
1 Thone	N	Y	Y	Y
2 McCollister	Y	N	?	?
3 Smith	Y	Y	Y	Y
NEVADA				
AL Santini	N	Y	Y	Y
NEW HAMPSHIRE				
1 D'Amours	N	Y	?	?
2 Cleveland	N	Y	Y	Y
NEW JERSEY				
1 Florio	N	Y	Y	Y
2 Hughes	N	Y	Y	Y
3 Howard	N	Y	Y	Y
4 Thompson	N	Y	Y	Y
5 Fenwick	N	Y	Y	Y
6 Forsythe	Y	N	Y	Y
7 Maguire	N	Y	Y	Y
8 Roe	N	Y	Y	Y
9 Heistoski	N	Y	Y	Y
10 Rodino	N	Y	Y	Y
11 Minish	N	Y	Y	Y
12 Rinaldo	N	Y	Y	Y
13 Meyner	N	Y	Y	Y
14 Daniels	N	Y	Y	Y
15 Patten	N	Y	Y	Y
NEW MEXICO				
1 Lujan	?	?	?	?
2 Runnels	?	?	?	?
NEW YORK				
1 Pike	N	Y	Y	Y
2 Downey	N	Y	Y	Y
3 Ambro	N	Y	Y	Y
4 Lent	N	Y	Y	Y
5 Wydlar	Y	N	Y	Y
6 Wolff	N	Y	Y	Y
7 Addabbo	N	Y	Y	Y
8 Rosenthal	N	Y	Y	Y
9 Delaney	N	Y	Y	Y
10 Blaggi	?	?	?	?
11 Scheuer	N	Y	?	Y
12 Chisholm	N	Y	?	Y
13 Solarz	N	Y	Y	Y
14 Richmond	N	Y	Y	Y
15 Zefaretti	N	Y	Y	Y
16 Holtzman	N	Y	Y	Y
17 Murphy	N	Y	Y	Y
18 Koch	N	Y	Y	Y
19 Rangel	N	Y	Y	Y
20 Abzug	N	Y	Y	Y
21 Badillo	N	Y	Y	Y
22 Bingham	N	Y	Y	Y
23 Peyser	N	Y	Y	Y
24 Ottinger	N	Y	Y	Y
25 Fish	N	Y	Y	Y
26 Glman	N	Y	Y	Y
27 McHugh	N	Y	Y	Y
28 Stratton	N	Y	Y	Y
29 Pattison	N	Y	Y	Y
30 McEwen	Y	N	Y	N
31 Mitchell	N	Y	Y	Y
32 Hanley	N	Y	Y	Y
33 Walsh	N	Y	Y	Y
34 Horton	N	Y	Y	Y
35 Conable	Y	Y	Y	Y
36 LaFalce	N	Y	Y	Y
37 Nowak	N	Y	Y	Y
38 Kemp	Y	N	Y	Y
39 Vacancy				
NORTH CAROLINA				
1 Jones	N	Y	Y	Y
2 Fountain	N	Y	?	Y
3 Henderson	N	Y	Y	Y
4 Andrews	N	Y	Y	Y
5 Neal	N	Y	Y	Y
6 Preyer	N	Y	Y	Y
7 Rose	N	Y	Y	Y
8 Hefner	N	Y	Y	Y
9 Martin	N	Y	Y	Y
10 Broyles	N	Y	Y	Y
11 Taylor	N	Y	Y	Y
NORTH DAKOTA				
AL Andrews	N	Y	Y	Y
OHIO				
1 Gradison	N	Y	Y	Y
2 Clancy	?	?	?	?
3 Whalen	N	Y	Y	Y
4 Guyer	N	Y	Y	Y
5 Latta	N	Y	Y	Y
6 Harsha	N	Y	Y	Y
7 Brown	Y	N	Y	Y
8 Kindness	Y	Y	?	?
9 Ashley	N	Y		

1 2 3		1 2 3		1 2 3		KEY
ALABAMA Allen Sparkman	N Y Y Y Y Y	IOWA Clark Culver	Y Y N Y Y N	NEW HAMPSHIRE Durkin McIntyre	Y Y Y Y Y Y	
ALASKA Gravel Stevens	Y Y N Y Y Y	KANSAS Dole Pearson	Y Y Y Y Y Y	NEW JERSEY Williams Case	Y Y Y Y Y Y	
ARIZONA Fannin Goldwater	N Y N N Y N	KENTUCKY Ford Huddleston	Y Y Y Y Y Y	NEW MEXICO Montoya Domenici	Y Y Y N Y Y	
ARKANSAS Bumpers McClellan	Y Y Y Y Y Y	LOUISIANA Johnston Long	Y Y Y Y Y Y	NEW YORK Buckley* Javits	N Y Y Y Y Y	
CALIFORNIA Cranston Tunney	Y Y N ? ? ?	MAINE Hathaway Muskie	Y Y Y Y Y Y	NORTH CAROLINA Morgan Helms	† † † Y Y Y	
COLORADO Hart Haskell	Y Y N Y Y Y	MARYLAND Seall Mathias	Y Y Y Y Y Y	NORTH DAKOTA Burdick Young	Y Y Y N Y Y	
CONNECTICUT Ribicoff Weicker	Y Y Y N Y Y	MASSACHUSETTS Kennedy Brooke	Y Y N Y Y Y	OHIO Glenn Taft	Y Y N Y Y N	
DELAWARE Biden Roth	Y Y Y Y Y Y	MICHIGAN Hart Griffin	Y Y N N Y N	OKLAHOMA Bartlett Bellmon	N Y Y Y Y Y	
FLORIDA Chiles Stone	Y Y Y Y Y Y	MINNESOTA Humphrey Mondale	Y Y Y ? ? ?	OREGON Hatfield Packwood	Y Y Y N Y Y	
GEORGIA Nunn Talmadge	Y Y Y Y Y Y	MISSISSIPPI Eastland Stennis	Y Y Y ? ? ?	PENNSYLVANIA Schwelker Scott	Y Y Y Y Y Y	
HAWAII Inouye Fong	? ? ? ? ? ?	MISSOURI Egleton Symington	Y Y Y Y Y Y	RHODE ISLAND Pastore Pell	Y Y Y Y Y Y	
IDAHO Church McClure	Y Y Y Y Y N	MONTANA Mansfield Metcalf	Y Y Y Y Y Y	SOUTH CAROLINA Hollings Thurmond	Y Y Y Y Y N	
ILLINOIS Stevenson Percy	Y Y Y Y Y N	NEBRASKA Curtis Hruska	N Y Y N Y Y	SOUTH DAKOTA Abourezk McGovern	? ? ? ? ? ?	
INDIANA Bayh Hartke	? ? ? Y Y Y	NEVADA Cannon Lexell	Y Y Y ? ? ?	TENNESSEE Baker Brock	N Y N Y Y Y	

Democrats Republicans *Buckley elected as Conservative. **Byrd elected as Independent.

1. S 2350. National Security Council. Passage, over the President's Dec. 31 veto, of the bill to make the secretary of the treasury a member of the National Security Council. Passed (thus overriding the President's veto) 72-16: R 20-15; D 52-1 (ND 37-0; SD 15-1), Jan. 22, 1976. A two-thirds majority vote (59 in this case) is required to override a veto. A "nay" was a vote supporting the President's position. (*Story, p. 1498*)

2. Treaties. Resolutions of ratification of the following treaties: Inter-American Convention on Political Rights for Women (Ex D, 81st Congress, First Session); Convention on the Political Rights of Women (Ex J, 88th Congress, First Session); International Telecommunications Convention (Ex J, 93rd Congress, First Session); Telegraph and Telephone Regulations (Ex E, 93rd Congress, Second Session); and Partial Revision of the Radio Regulations (Ex G, 94th Congress, First Session). Adopted en bloc

88-0: R 35-0; D 53-0 (ND 37-0; SD 16-0), Jan. 22, 1976. A two-thirds majority vote (59 in this case) is required for approval of the ratification of a treaty. A "yea" was a vote supporting the President's position.

3. S 961. 200-Mile Fishing Limit. Bentsen (D Texas) amendment, as amended by Stevens (R Alaska) perfecting amendment, to require the secretary of state to enter into negotiations with each foreign nation in whose waters U.S. long-distant fishermen fish for the purpose of reaching agreements to protect U.S. tuna and shrimp fishing interests there; if the secretary of state determined that any other nation refused to negotiate such an agreement in good faith the secretary of the treasury would be required to impose an embargo against imports of seafood and seafood products from that nation. Adopted 71-16: R 27-8; D 44-8 (ND 28-8; SD 16-0), Jan. 22, 1976.

RAIL MODERNIZATION BILL

House and Senate conferees reached agreement Jan. 22 on a new version of the controversial rail modernization and deregulation bill (S 2718) that was acceptable to President Ford.

The bill had been cleared by Congress on Dec. 19, the last day of the first session, but was never sent to the President because of the likelihood that Ford would veto it as inflationary. The new compromise reduced the overall authorizations in the bill to \$6.37-billion. As originally approved, the estimated authorizations totaled between \$7-billion and \$7.5-billion. Final action is expected the week of Jan. 26.

Since the bill had already been cleared, the House and Senate had to take the unusual parliamentary route of passing a separate measure rescinding their December action. The House adopted Jan. 20 a resolution (H Con Res 527) formally canceling the earlier congressional approval of S 2718 and returning it to the conference committee. The vote was 383-13. The Senate then adopted H Con Res 527 by voice vote Jan. 21. (*House vote 5, p. 192*)

Objections
The main objection voiced by the Ford administration was the level of authorizations in the first conference version. One item the administration had strenuously objected to, which was modified in the new version, was the \$2.4-billion authorization for improved passenger service in the Northeast corridor between Washington, D.C., and Boston. Ford had requested only \$1.4-billion for a more modest modernization program. Conferees agreed on \$1.86-billion. ■

Regulations Dropped:

NEW POSTAL SERVICE POLICY

In an effort to improve relations with Congress, the U.S. Postal Service Jan. 12 announced the abolition of two policies that had been adopted in 1971 to protect the service from political pressure.

Dropping a regulation that had been the source of considerable irritation to senators and representatives, the Postal Service declared that henceforth members could go directly to local postmasters with constituent complaints about mail service. Previously, members of Congress were required to take problems to Postal Service headquarters in Washington, D.C., even though they might have a district office in the same building as the local postmaster.

The second regulation dropped by the Postal Service had prohibited members from taking part in dedication ceremonies for new post offices. That rule had been adopted in 1971 in an attempt to dispel the political image of the Post Office Department that was reorganized into the Postal Service in 1971. The new policy was a compromise; members may participate in opening day ceremonies, but they may not make speeches.

The policy changes were announced by a Postal Service increasingly nervous about its future. Angry over the ser-

vice's record of growing debt and deteriorating service, the House stunned postal officials in 1975 by voting to require the Postal Service to come to Congress for annual appropriations, a change that would end the Postal Service's independence. The Senate Post Office and Civil Service Committee planned to consider that proposal, along with a Postal Service request for increased subsidies, in January or February. (*1975 Weekly Report p. 2341*) ■

House Passage:

EDUCATIONAL BROADCASTING

The House Jan. 20 passed by voice vote under suspension of the rules barring floor amendments a bill (HR 9630) authorizing \$38.75-million for educational broadcasting facilities and telecommunications demonstration projects for fiscal 1977 and the budget transition period, July-September 1976.

The non-controversial measure was a one-year extension of the public broadcasting matching grants program that was first authorized in a 1962 law (PL 87-447). Designed to stimulate greater use of education programming, the bill would provide a federal share of up to 75 per cent for the purchase and installation of radio and television broadcasting equipment.

The \$37.5-million in the bill reserved for the matching funds program could not be used for the purchase of land or for building costs.

Five classes of applicants would be eligible for the authorizations under the program: 1) public schools, 2) state public broadcasting agencies, 3) public colleges and universities, 4) nonprofit public broadcasters and 5) municipalities operating public broadcasting agencies. To promote the growth of public radio, which had lagged behind public television, the bill proposed separate priorities for awards to television and radio stations.

HR 9630 also authorized \$1,250,000 in new funds for a demonstration program to promote the development of nonbroadcast telecommunications—satellite, cable, fiber optics and other means of transmission.

Both the facility grants and demonstration programs would be administered by the Department of Health, Education and Welfare. HR 9630 was reported (H Rept 94-772) unanimously Jan. 19 by the House Interstate and Foreign Commerce Committee. ■

TRANSPORTATION NOTES

Highway Bill
Conferees to the bill (HR 8235) amending the Federal-Aid Highway Act were appointed by the Senate Jan. 19 and by the House Jan. 20. Conferees' negotiations on the widely varying House and Senate versions were scheduled to begin Jan. 27 and were expected to take a month or longer. (*House passage, 1975 Weekly Report p. 2900; Senate action, p. 2785*) ■

HEARINGS BEGIN ON INTELLIGENCE PANEL PROPOSAL

The Senate Government Operations Committee Jan. 21 began eight days of hearings on proposals to create a committee on intelligence oversight. Chairman Abraham Ribicoff (D Conn.) said he hoped to have a bill reported by March 1 for consideration by the Senate Rules Committee.

Testifying in favor of a new Senate panel to monitor the intelligence functions of the CIA, FBI, National Security Agency and other intelligence components of the federal government were Senate Majority Leader Mike Mansfield (D Mont.) and Frank Church (D Idaho), chairman of the Senate Select Intelligence Committee. Both called for an oversight panel that would: 1) have a rotating membership to assure the committee did not become too close to the agencies being supervised; 2) consider all budgetary requests of the various intelligence agencies on an annual basis, and 3) receive reports from the executive branch on covert actions being planned before they were implemented by the CIA. The third proposal was the most controversial.

The two senators differed, however, on an important question raised by members of the Ribicoff committee: whether the intelligence panel should have the authority to set in motion a congressional veto of a covert operation proposed by the White House. Church maintained that it was the constitutional function of Congress to "advise" the executive branch on foreign activities, and that the legislative branch's involvement should stop at that point



Senators Frank Church (D Idaho)(C) and John G. Tower (R Texas) (R) listen as Majority Leader Mike Mansfield (D Mont.) testifies before the Senate Government Operations Committee.

unless the President repeatedly ignored the committee's viewpoint. In that case, he said, Congress could restrain the executive through budgetary methods.

Mansfield on the other hand, declared that Congress should "be in on the take-off" of a covert plan. He told the committee that if the intelligence panel was opposed to a covert proposal, it should inform the administration and take the dispute to the Senate floor for a vote within 30 days.

Differing with both Mansfield and Church as well as with others on the Ribicoff committee who favored a new oversight apparatus was John G. Tower (R Texas), vice chairman of the Senate Select Intelligence Committee.

Tower said that he "too, initially leaned toward the creation of a separate oversight committee," but "I am now of the view that haste and simplicity may be the enemy of a solution." Tower asserted that the legislation being drafted to set up the committee—which is expected to be released by the select committee by the end of January—began with the "assumption that existing committees are incompetent to pursue implementation of the findings and recommendations" for improved oversight.

Breaking with the bipartisan consensus that had existed previously on the Senate intelligence committee, Tower said he was "not prepared to accept the legislation as drafted...because I believe serious analysis will reveal it to be both a premature and a simplistic solution to an extremely complicated set of problems," Tower added. ■

Senate Overrides Veto:

NATIONAL SECURITY COUNCIL

The Senate Jan. 22 voted to override President Ford's Dec. 31 veto of legislation (S 2350) adding the secretary of the treasury as a member of the National Security Council. The vote was 72-16, 13 more than the two-thirds majority necessary to override a veto.

A date had not yet been announced for an override vote in the House.

The bill had been passed by the Senate Oct. 9 and by the House without amendment Dec. 17. (*Final passage, 1975 Weekly Report p. 2834; veto message, p. 60*)

In his veto message, the President argued that the bill was unnecessary because many channels existed for advising the President on the integration of foreign economic policy. "Most issues that come before the council on a regular basis do not have significant economic and monetary implications," he said.

Stuart Symington (D Mo.), the legislation's sponsor, in Senate debate Jan. 22 urged that the veto be overridden: "That this President, or any President, would subscribe to the narrow view that national security is limited to only diplomatic and military problems—and would not automatically include economic considerations—is little short of astounding." ■

House Passage:

REFUGEE EDUCATION AID

After cutting back sharply the amount of money authorized, the House Jan. 19, on a 311-75 vote, passed a bill (HR 7897) granting funds to local school districts to pay for the additional costs incurred for educating Indochinese refugee students. (*Vote 2, p. 192*)

Under the bill as passed, each state would receive a grant, to be distributed to local school districts, equal to the costs of supplying Vietnamese and Cambodian refugee children with English language instruction, special materials and supplies and other basic education services needed because of the influx of the refugee students. Those costs could include additional teachers but could not take into account overhead and construction costs or transportation expenditures.

Each state's grant would be reduced by the amount it received in education grants under the Indochina Migration and Refugee Assistance Act of 1975 (PL 94-23). Under that act, school districts were receiving \$300 for each refugee child educated plus an additional \$300 for each one enrolled over a total of 100.

Many members, especially those representing districts with large numbers of Indochinese refugees, did not believe the PL 94-23 grants were adequate to cover all of the costs associated with educating the refugee children.

The version of the bill reported by the Education and Labor Committee (H Rept 94-719) on Dec. 12, 1975, would have authorized grants to the states equal to the number of refugee children in each school multiplied by the state's average per pupil expenditure. The grant would be reduced by the amount the school received under PL 94-23.

The Congressional Budget Office estimated the cost of the committee version of HR 7897 at \$56.7-million in fiscal 1976-77. The administration, which opposed the bill, placed the costs at \$64.8-million for the two-year period.

Speaking in favor of the committee version during floor debate Jan. 19, Education and Labor Committee Chairman Carl D. Perkins (D Ky.) contended that the administration had promised to pay the full costs of educating the estimated 43,000 Indochinese refugee children. "But now," he added, "the administration has backed down on these commitments and is giving out grants which average only one-fourth of the costs of providing a regular education."

Most of the children, Perkins added, needed bilingual education and other special services which "are going to cost more money than is involved in providing a regular education."

Calling the committee version a "rip-off," Albert H. Quie (R Minn.), ranking Republican on the committee, offered the amendment cutting back funding. "We ought to reimburse school districts for what they actually spend on refugee children rather than make lump sum payments which they can use for almost anything," he declared.

Congress would not be justified in making payments to a school "where they hire no additional teacher, where they do not pay the teacher any more, where they do not buy any more materials of any kind, where they do not have to buy additional school buses," Quie added.

Still others sided with the Ford administration, opposing any additional grants altogether. "We absorbed 80,000 Hungarian refugees without special programs," said R. Lawrence Coughlin (R Pa.). "We absorbed 450,000 displaced persons and 189,000 eastern Europeans without special programs. We annually absorb about 400,000 immigrants without special programs."

Quie's amendment, which also would limit the program to fiscal 1976, passed on a 235-143 vote. (*Vote 1, p. 192*)

An aide to Quie said a precise cost estimate could not be made but suggested that Quie's amendment might cut the cost of the program to one-third of what the committee version would have cost.

After passing the bill, the House agreed to substitute its language for that of S 2145, passed by the Senate Oct. 29, 1975. The Senate bill would authorize \$125.5-million in fiscal 1976-77 for reimbursements to school districts. (*1975 Weekly Report p. 2384*) ■

—By Martha V. Gottron

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