Social Welfare

New Social Welfare Programs for Minnesota - March 11

Income Maintenance - Look Magazine - April 24

Amendment to H.R. 2767 re: AFDC grants - Sept. 23

Medicaid Program - Oct. 8

they bring to our minds, stir some of our deepest emotions.

Allegiance to one's government is the obligation of fidelity and obedience that an individual owes to his government in return for the protection he receives from government. Allegiance is—or it should —a two-way street where citizen and government are concerned.

But there appear to be some people in this country who expect the government to protect them, who demand that the government provide all manner of services for them, but who seem to recognize no obligation on their part to do anything for their government in return.

They want to get, but they do not want to give. It is what their country can do for them, not what they can do for their country. And the greatest irony of all is that some, instead of giving allegiance to their government, take advantage of its protection and its guarantees of free speech to turn on it and attack it.

The flag desecrators fall in this category, and there are few more despicable characters, in my judgment.

Even those of us who are not flag desecrators fail, all too often, to honor and revere the flag as much as we should.

Fourth of July celebrations and public displays of patriotism seem to be going out of style. Many people apparently think those things are old-fashionied. Americans should be too grown up, too sophisticated, too internationally-oriented to wave the flag, they seem to be saying.

I believe that when the citizens of any Nation get to the point where they think they are too sophisticated to be patriotic, then they are in danger of losing their liberty.

Tolerating flag desecrators and flag burners is not a sign of sophistication or national maturity, in my judgment, but a sign of national deterioration.

It saddens me to say it, but I believe that the people of America have become hypertolerant and too permissive, not only in the matter of displaying pride in our flag and pride in our nation, but in many other areas of our national life as well.

In recent years we have witnessed a serious deterioration in moral standards. The whole structure of our national life has been weakened by the breakdown in family life brought about, in part, by increasing urbanization. The soaring rate of welfare dependency, juvenile involvement in crime, and illegitimacy, is evidence that something very basic has gone wrong.

In any examination of the wave of lawlessness that grips our country—and desecration of the flag is only one of its many ugly manifestations—it quickly becomes apparent that there are a number of root causes. I think it can be profitable for us to consider them for a moment.

Basically, the root causes of crime are bound up in the turbulent era of change in which we live. I have already mentioned the deterioration in family life that has arisen, in large measure, from the increasing mobility of our population and its shift from a rural-based to a city-based existence.

The distractions, the pressures of present-day living, the demands on the time of most people are so great that the warmly-intimate family circle, in which the precepts and character of the Nation were nurtured and moulded, has all but disappeared.

Similarly, the once-dominant role played by religion has declined in the lives of all too many of America's citizens. Two factors have added their weight to the growing number of secular interests and diversions that serve to keep people away from the stabilizing influence of the church.

The first of these, as I see it, is the infortunate activist role that some clergymen have chosen to take in non-religious matters. Where they have chosen to march and demonstrate, to carry placards and to picket, to speak from a soap box instead of a pulpit, they have weakened their spiritual leadership, in my opinion. These men constitute but a minority of the clergy, I am sure, yet they are hurting the church. Instead of ministering to the spiritual needs of people, they have become mere exhibitionists and lobbyists. As a result, many people are wondering who speaks for the church. Many people are becoming disenchanted with the church because it is fast developing into a mere social club whose leaders vie for headlines and television cameras.

The second factor is the end result of the U.S. Supreme Court's decisions concerning prayers in the public schools. However constitutionally sound the court's position may be, the unfortunate result of its decisions is to make it appear that the Court, and by extension the government, is opposed to religion.

Another major cause of the growing disrespect for law and order and America's increasing crime, I believe, is to be found in the courts themselves, and especially the Supreme Court. The high court's share of the responsibility for our increasing lawlessness lies in two areas—its zeal for bringing about precipitate social change, and its overconcern for the rights of criminals and its under-concern for the rights and safety of society.

That, coupled with the laxness of lower courts and the widespread abuse of probation and parole, has created a situation in which the criminal finds it possible, even easy and profitable, to commit crime, and to go free to commit crime again and again.

The Supreme Court has done even more to encourage the atmosphere in which acts of so-called civil disobedience and crime and riots have burgeoned all across this land. And it has struck down safeguard after safeguard erected by the Congress against the Communists within our midst who would overthrow our government and destroy our way of life.

We have heard much about hawks and doves and escalation and de-escalation in the last few years—all with respect to the war in Vietnam. Well, I would like to say to the delegates to this Forum that I am a hawk in the war on crime, and I fervently believe that that war ought to be escalated.

At this point, as much as I regret to say it, America is losing in the war on crime. The counter-offensive that has been mounted thus far against crime and guerrilla war in the streets—against demonstrators who harass and disrupt, against hoodums who violate the law, against rioters who loot and burn and destroy, against demagogues who incite to violence and insurrection—this counter-offensive has been far too little, and it has been almost too late.

I am a hawk in this conflict, for if ever a war needed escalating, it is the war we ought to be waging against riots and crime and the terror in American cities that make decent citizens cower behind locked doors and drawn curtains at night, afraid to venture out in the street for fear of becoming another statistic in the current catalogue of U.S. crime, a victim of anything from purse-snatching to rape, from robbery to murder.

I am a hawk in that conflict—although up to very recently I was a lonely one—because if we do not escalate our counter-offensive, if we do not stop losing and start winning very soon, we can lose our country at home without an external enemy ever setting foot on our shores.

I am a hawk because I have become convinced that the only language the criminal understands is the language of force. The only way this country is ever going to restore the domestic peace it once enjoyed is by the use of society's rightful, legal, force against the unlawful, illegal, force that threatens it.

I do not stand in the way of constructive change. But evolution achieves so much more than revolution. Rebellion is not progress; indeed, those who incite it do not mean for it to be. And so, I am convinced, we must meet them on the ground they have chosen. It makes little sense to talk of model cities programs, or better schools, or more jobs to a young hoodlum who faces you with a brick in one hand and a knife or a gun in the other.

I have supported many programs for the advancement and the betterment of the disadvantaged, especially in the field of education, and I shall continue to support every effort, government or private, that I think will produce better citizens and bring about a better society. But it does not make much sense to start remodeling the upstairs when the basement is on fire.

Perhaps my language is too forthright. But, my friends, in my judgment the situation that has developed in this country in the past year demands forthright language and firm action to match. I think that government and citizens alike have temporized too long. I think we have been too tolerant, too inclined to make excuses for the criminal, too willing to blame society for the criminal's misdeeds, too inclined to let things slide, until now the whole situation threatens to get completely out of hand unless strong measures are undertaken and undertaken soon.

I think that basically what America needs more than anything else—more than new laws, more than new "programs"—is a rededication to the precepts and principles that made it a great Nation.

Our need can be summed up in one word, the key word in the theme of this meeting—allegiance.

We need a revived allegiance to law and order; a new allegiance to the concept that punishment should surely and swiftly follow crime; a new allegiance to the precept of justice for all—the majority as well as the minority.

We need a re-kindled allegiance to our homes, and a restored allegiance to our churches and to our God.

We need, in short, a renewed allegiance to our flag and to all that it symbolizes.

I believe that groups such as yours can have a very great influence in helping to bring about the re-affirmation of allegiance, that is so badly needed, to the time-tested virtues and old-fashioned ideals upon which this Nation was founded.

I would like to think of 200 million American voices saying in unison, "I pledge allegiance to the flag of the United States of America and to the Republic and to all of the ideals for which it stands. . . . "

There is nothing immature or base in love of country. There is nothing naive of impractical or unrealistic in calling for a return to fundamental principles and practices that have proved their greatness in the building of the American Republic.

The pendulum swings. I believe—and I am sure that you must believe—that wherever our institutions have become weakened we can make them strong again through a rededication of our allegiance toward our flag, our God, and our country.

NEW SOCIAL WELFARE PROGRAMS FOR MINNESOTA

Mr. MONDALE. Mr. President, there is a deep tradition of innovation in the State of Minnesota. Our programs in the fields of education, social welfare, consumer protection, and conservation attest to this spirit of experimentation. Now this same feeling of innovation has spread to the communities throughout the State. New ideas and new programs aimed at solving the urban crisis are emerging from Minnesota.

These ideas are not limited to the large cities but are common throughout the State. Communities such as St. Cloud, South St. Paul, Brainerd, Le Sueur are attempting to find solutions to their urban ills. This is true whether it is a town of 5,000 or a city of 50,000. Minnesota has two model cities, a pilot neighborhood center, a metropolitan council in the Twin Cities which may serve as the model for other metropolitan areas, a special program funded by the Ford Foundation to examine the problems of the smaller city, and exciting urban renewal programs throughout the State.

The reason for all this activity is that the leadership in each city is concerned about the future of its community and has committed itself to immediate action. Meaningful solutions are emerging, and the result will be an overall improvement to the quality of urban environment within the State.

Mr. President, this month's issue of the Minnesota Municipalities discusses some of these innovative ideas: the model city applications from Minneapolis and Duluth; the Metropolitan Council of the Twin Cities; and the small town study funded by the Ford Foundation under the direction of Political Science Prof. Ed Henry, of St. John's University who is also the mayor of St. Cloud.

Mr. President, I ask unanimous consent that these articles be printed in the RECORD, to serve as examples of the exciting things happening in Minnesota.

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

ST. JOHN'S ESTABLISHES SMALL CITY STUDY CENTER

(By Edward L. Henry, Mayor, St. Cloud)

Social science research in recent years has recognized the agonizing plight of the large metropolitan centers. Federal, state, and private foundations have poured funds into macro-city in an attempt to delineate the problems and seek acceptable solutions. In the next few years such research on macro-city will produce voluminous and unassailable data with which policy makers can shape the course of urban development.

The problems of the smaller urban center, micro-city, have scarcely been scratched, however, and its potential in the federal system has generally been ignored. For instance, have we underestimated the role of the smaller city in skimming off a large part of the population boom that we have somewhat uncritically assumed must flow to macro-city and environs? Are there steps that must be taken now to make such micro-cities livable in 1980, steps that will preserve some semblance of community and some vestige of unified political authority? What are the future costs of present inaction in these areas?

Increasingly the federal government, and somewhat belatedly, the state governments, are recognizing the problems of urban civilization. But as these programs grow in scope is there a danger that they are based on assumptions germane to the large metropolitan area, but not to micro-city? For example, lacking the large scale staffs basic to a division of labor, smaller cities are finding it difficult to acquire the expertise on a multitude of urban programs that in theory are available to them. Frequently, micro-city finds itself blanketed in with the large cities in fulfilling federal program requirements, yet the different political climate and the more personalized politics in the smaller city may call for a different approach than the same program in a larger city.

MINNESOTA, A CLINICAL STUDY OF MICRO-CITY

Minnesota is an excellent launching pad for a clinical study of the pathology of the smaller city. It has the fourth largest number of governmental units in the nation, the largest number of townships, and the third largest number of school districts. Minnesota is, in turn, about the *median* in total population among the States of the Union. Cities between 10,000 and 50,000 in Minnesota are unorganized for political action in the legislature and devoid of anything but the most sketchy picture of their collective condition.

The large number of townships in Minnesota is a particularly distressing problem for the outstate micro-city. Such townships possess only partial governmental powers and were created as sub-units of the county to care for minimum needs of residents. These "half governments" are now absorbing the over-flow across city boundaries but are not equipped temperamentally, historically, or legally to provide services.

In addition to involving mother micro-city increasingly in competitive undertaxation, they exert downward pressure on municipal service standards such as health, housing, zoning, and animal control. They are in turn accumulating a backlog of problems that will explode in another decade. Such suburban, non-incorporated areas now refuse to consolidate with micro-city largely because of tax differentials. But ten years from now micro-city will refuse to take them because of the potentially heavy capital outlays for sewers, water, streets, and parks. One need not be a prophet to forecast that under these conditions micro-city and its suburbs will scarcely constitute healthy communities for present or future citizens, attractive models for decentralization programs, or even self-sufficient governing units.

RECENT LEGISLATIVE ACTION IN MINNESOTA

One of the problems in updating micro-city is the lack of information (on the part of local and state policy-makers) regarding its accumulating cancers. Even reapportioned legislatures, beginning to respond to the needs of metropolis, have not yet understood that *most of metropolis' problems exist, if in lesser degree, in mocro-city and there may be additional ones different in kind afflicting the outstate cities.*

In Minnesota the 1967 Legislature moved on city problems, but the problems cared for were overwhelmingly those of metropolis, not micro-city. Since annexation laws were not amended, hundreds of thousands of dollars of social and economic waste will occur before the next legislative session. During this period, undersized water and sewer lines will be installed only to be ripped out at such later date as consolidation occurs. Streets will be hardsurfaced without underground installations. Disposal and water systems will be installed oblivious to the economics of scale. Suburbs and housing developments will grow "like Topsy" without proper zoning, park planning or street layouts.

The Legislature provided for compulsory water fluoridation and school consolidation without referendum, but urban consolidation still requires a referendum. Cities of the second and third class, surrounded by unincorporated suburbs with consequently low tax rates, perforce pay for services enjoyed but not paid for by suburbanites. St. Cloud, as an example, is told by its planners that it must acquire an additional 2,500 acres for residential and commercial expansion by 1975, but state laws and the facts of economic life make this an improbability.

Some times legislators are unaware that apparently unrelated issues have a direct bearing on micro-city problems. By authorizing county governments to issue "on sale" liquor licenses in rural areas, that is, outside municipal boundary lines, while not increasing the number of licenses micro-cities might issue, the Legislature inadvertently put another block in the way of urban consolidation, and the effort of micro-city to maintain economically the health of its downtown area. Since these cities long issued their quota, new restaurants, mo or hotels on the fringe of micro-city will stand to lose their cocktail lounges if they annex.

In a tax reform package, the 1967 Legislature provided a grant-in-aid to micro-city of $5 per capita ($6.50 for macro-city) and likewise $5 per capita to all townships. This wipes out township taxes in many jurisdictions and where such township flanks a city it aggravates the tax differential for business location. In legislating local government aid in this form, the higher operating costs per capita of municipalities were overlooked and the long-established principle of grants on a "needs" basis that characterizes educational assistance in Minnesota was not applied to local governments.

In the field of health and sanitation inspection, the Legislature set a precedent for *maximum* statewide dairy and bakery operations by compelling municipalities not to exceed *state* standards which are set, not by the State Department of Health, but by the State Agriculture Department which is basically responsible for protecting farmers' markets rather than city dwellers' health.

No special aids were granted to outstate cities which contain institutions that serve an area much broader than the municipality, but which must be serviced at the expense of municipal taxpayers only rather than all of the benefited clientele. For example, 6.4 of St. Cloud's 10.3 square miles of area are tax exempt and include a large state college, a state reformatory, a large consolidated public school, and a federal veterans' hospital. Seven thousand students now go to class in a neighborhood with public facilities meant to service 1,000 residents fifty years ago. A $400,000 backlog of street, wat and sewer improvements in this campus are are considered to be a local, not a state responsibility, and the state has not provided parking facilities nor contributed to street reconstruction.

At the county level, micro-city taxpayers provide the major part of the county tax base, but receive little or no attention in the county budget. St. Cloud taxpayers annually pay a sum of $300,000 to the three counties in whose jurisdiction St. Cloud lies solely for the Road and Bridge Funds, a sum equivalent to ten per cent of the city budget. None of this is spent within the city limits.

If we add to these difficulties the fact that most elected municipal officials in Minnesota (all part time) are unaware of the problems they will face in ten years, the prognosis for micro-city is poor. The first and fundamental requisite for remedial action is recognition of the problem. This recognition is occuring in macro-city; it is still very murky in micro-city.

THE ST. JOHN CENTER

Saint John's University, Collegeville, Minnesota, is establishing a Center for the Study of Local Government to be located on its campus adjoining St. Cloud, a classical micro-city. A Ford Foundation grant of $182,000 will support a thirty-month kick-off project on the role of micro-city in the federal system. Once established, the Center will continue to utilize its resources for the study of other local governmental problems.

The initial project of the Center for the Study of Local Government will focus on micro-city as part of the federal complex.

1. The Center will act as a catalytic age in stimulating research on micro-city by foundations, colleges, city, and state agencies. This will be accomplished through conferences on small city problems to which outstanding state and local officials and univer-

sity researchers would be invited. Some $12,000 of Title I funds will be added to this phase of the program as a supplement. Saint John's educational FM stereo radio station, the eleventh most powerful educational station in the country, covering the entire state and into the four adjoining states of the two Dakotas, Wisconsin and Iowa, will be utilized to disseminate information generated by the conferences.

2. Spot conferences will be held in key local areas in the State of Minnesota both to turn up new problems and to educate local officials. It will provide a format of experience for other states which might wish advice and help in stimulating interest in their own micro-cities.

3. Research will be conducted under the direction of the Center on about a dozen Minnesota cities between 10,000 and 50,000 population outside the Twin City (Minneapolis-Saint Paul) area. Teachers and students in Minnesota colleges will be utilized where feasible to supplement accumulation of basic data. A standard set of such data will be sought as the first step toward generalizations on micro-city in Minnesota. An independent study of each city through interviews and analysis of planning data will also be done. Liaison will also be established with other associations and agencies doing work that has implications for the smaller cities such as The Upper Midwest Research Council; Agricultural Extension Service; University of Minnesota; State Board of Health; State Highway Department; State Department of Urban Affairs; and others. The plight of micro-city will have to be placed in the socioeconomic context of its part of the state. The Center will not hesitate to utilize and even partially finance other research that bears on its own mission—micro city.

The fruits of this project, hopefully, will include the following:

1. A functioning and continuing Center dedicated to the study of the much neglected outstate local governments and acting as a clearing house and idea center on their problems. To date each type of local government is represented by an association of some sort. There is no one association or center that can rise above the vested interests of each. *This type of Center could well develop useful experience as a pilot project for other similar centers about the country.* The college-community relations program under Title I of the National Education Act presages ultimate use of federal funds for such centers. Experience gained now could later avoid wasteful mistakes on a grand scale.

2. In addition to the pilot nature of the Center there will result *a sharpening of the dimensions of micro-city problems for policy-making purposes at all levels of the federal system. Specifically in Minnesota, such a sharpened focus could pull the micro-city officials together and give the legislature an unassailable picture of the needs of its smaller cities for legislative attention. It would undoubtedly also result in better planning and policy making by municipal officials relative to their own problems. It would give encouragement to group action by such micro-cities. Federal administrators of urban programs would benefit substantially from new insights on smaller city problems and capabilities. This in turn, might result in more flexibility in federal programming for smaller cities.*

3. Finally, a series of monographs representing both the substantive research conducted by the Center, as well as proceedings of the conferences called by the Center, will be published. As research continues, it is possible that study in depth of one of these cities similar to the earlier Middletown studies or the New Haven study (*Who Governs*) might be made for a community smaller than either of the preceding.

Undoubtedly, as the Center digs into the murky subject of micro-city, new avenues of exploration and new areas of intergovernmental possibilities will show themselves and be added to the exploration agenda. Precisely because little exploratory work has been done in this subject, new paths must be opened and flexibility maintained. In this sense, the study is an inter-disciplinary one and not as subject to a scientific and precise delineation as one would like. But it is a subject with many practical policy implications at each level of the federal system and one that deserves attention.

Since this proposal was conceived, the Secretary of Agriculture and six departments of the Cabinet sponsored a nationwide conference to open up the subject of reversing the population drift to macro-city. This implies strengthening local villages and cities and effecting close cooperation between area development and the smaller mother cities which serve the areas. In the 1930's Saint John's University was noted for its "Rural Life Movement" agitation. Through this proposal it would seek to pick up that vein of thought dropped when World War II intervened and update its philosophical commitment to a decentralist philosophy with empirical research in order to determine the feasibility of decentralization as a practical public policy alternative for the rest of this century.

DULUTH, MINNEAPOLIS RECEIVE GRANTS TO PLAN MODEL CITY PROJECTS

(By Antona Richardson, league staff)

Duluth and Minneapolis are the two Minnesota cities among the 63 chosen from 192 applicants to share $11 million worth of grants to plan model cities projects. Cities whose completed plans are approved will share in $300 million appropriated by Congress to implement their programs.

Federal grants to the selected cities aim to encourage the planning of innovative, coordinated attacks on the physical and human ills which besige the modern urban environment. According to HUD Secretary Robert C. Weaver, program success and the provision of models for other cities to emulate is dependent upon ". . . full involvement of the skills, commitment, and resources of federal, state, county, and city government with neighborhood residents, private enterprise, organized labor, and community agencies and organizations of all types to transform blight and decay into health and hope for the most afflicted sections of the nation's urban areas."

As outlined in the accompanying articles, the Minneapolis and Duluth projects give promise of meeting Secretary Weaver's criteria.

DULUTH—IDENTITY THROUGH INVOLVEMENT

Duluth emphasizes resident planning and decision making.

Duluth does not intend to pay lip service only to the Demonstration Cities Act requirement that planning be ". . . carried out *with* as well as *for* the people living in affected areas." The priority dominating all others in its program is the selection, training, and involvement of neighborhood citizens in a role so central and decisive that the structure will not operate successfully without their full and active cooperation. Resident participation will develop a group approach to common problems, it is believed, and provide the individual motivation essential to accomplish operational facets of the program.

Thirty-two "Leadership Trainees," are currently being selected from among the residents of the neighborhood for which the $121,000 planning grant was received. An equal number of "Leadership Volunteers" will be selected as their counterparts from the business and professional community. Four volunteers will be paired with four trainees as personal tutors during an initial five-month training period, during which both will also conduct attitude surveys and gather satistical data for one of eight "Action Panels" established to concentrate on the identifiable problem categories of the Model Neighborhood (Housing and Relocation, Education, Crime, Employment, Health, Public and Volunteer Social Service, Physical Improvements and Facilities, and Recreation and Culture. Each Panel will be chaired by a career professional in the relevant problem area. Trainees who complete this period will then be designated as "Community Foremen" and share full responsibility and authority to establish objectives and determine priorities for programs in the problem area of the panels on which they serve.

The 580-acre neighborhood which is the focus of Duluth's planning holds about nine percent of its population. Located on a steep hillside overlooking Lake Superior, it surrounds the central business district and the adjoining industrial area on three sides. On its periphery it abuts residential areas which range from deteriorated to deteriorating to average middle income. One of the oldest parts of the city, it exhibits the community's most serious physical and social problems, despite previous intensive private and public efforts towards their solution. The need for a much more comprehensive and concerted effort dictated the selection of the Central Hillside neighborhood as the focus for the Model City program.

Second to Duluth's dominant emphasis on community involvement, is its related priority that all program activity be directed toward measurable goals. The emerging leadership potential of the Community Foremen is to be strengthened and reinforced by visible, tangible evidence of success. They are to experience the reward value of seeing goals actually reached. Therefore, the development of specific, measurable performance objectives, embodied in a concise and clear five-year master plan, is the scheduled outcome of the year-long planning effort.

The individual subject panels will be disbanded during the final month of the project, and Community Foremen and Leadership Volunteers re-organized as a "Model Neighborhood Committee" which must approve, by majority vote, each individual objective of the final five-year plan as well as the over-all program projected.

According to its planners, the underlying philosophy of Duluth's commitment to genuine neighborhood leadership rests on the conviction that change cannot be successfully imposed, only stimulated and guided; that those who are expected to live with new concepts must have a voice in developing them; that the latent leadership potential of residents can be developed through a training program with proper incentives; and that a small stipend and a modicum of prestige do not alone constitute sufficient incentive. The "Community Foremen" concept will work, they believe, but only where participants are aware that they can be the movers and molders of a real action program, and not just figure-heads in a project dominated by the bureaucratic establishment. Duluth developed its strategy to make possible "identity through involvement."

MINNEAPOLIS—DECISION '67, ACTION FOR BETTER LIVING

The Minneapolis Model Neighboring—component of the city-wide system for development.

"The model neighborhood is a new way of looking at, thinking of, talking about, and doing things in the south side of Minneapolis. It is a place, it is people, and it is action." The focus of planning under the $215,000 federal grant will be on translating the comprehensive citywide goals already established by Minneapolis' "Decision '67" program into specific policies and programs based upon the unique needs and conditions of the model neighborhood, with the participation and active support of its residents. In the context of the major city-wide goals, Model Neighborhood objectives are expected to include the

Attainment of a population structive balanced as to age, income, and social characteristics

Provision of greater opportunity to secure desired housing and environment

Development of a climate for viable community life

Provision of convenient and safe access to all desired activities.

Development of the major productive resource of the Neighborhood—its people's trained minds and creative capacities.

Promotion of industrial and central business district growth to provide investment and job opportunities through neighborhood changes.

Development of increased vitality in the Neighborhood's commercial areas.

Maximizing of transportation benefits lying immediately south of the central business district, the Model Neighborhood area contains 1600 acres and a population of about 59,000 people, the highest concentration of any Minneapolis area, nearly twice the city's average population density. Two-thirds residential in character, its commercial development includes regional, community and local shopping facilities as well as neighborhood convenience centers and commercial strips. A strip of relatively small industries is intermixed to an unusual degree with adjacent residential and commercial uses. This area contains a heavy concentration of blighted and obsolete structures, along with middle class neighborhoods and major institutions. A large number of low income families with serious cultural disadvantages lives here, as well as a substantial concentration of elderly residents. The only section of the city abutting the central district in which no substantial physical or social improvement programs have heretofore been initiated, its selection as the Model Neighborhood will mobilize governmental and private resources to meets its critical needs.

Citizens, agencies, and local groups, long concerned about their neighborhood problems, will now be enabled to come together as a community to attempt to solve them. Their broad objective will be to develop a plan which will accomplish in five years improvement sufficient to control physical and social problems and reverse downward trends, and promote continued improvement in subsequent years.

Of prime importance will be the prompt initiation of activities to maintain or restore and improve confidence in the neighborhood. Priority will be given to public or private physical-social improvements which will serve as catalysts to on-going efforts. Projects immediately urgent to alleviate severe problems will also be assigned high priority.

Within these priorities, the improvement of *families* from the physical and social standpoint will be the major objective and focus of planning. Emphasis will be placed on the improvement of, first, family social problems; second, income potential; and finally, housing and environment. This establishment of area families on an upward-bound course should foster the development of confidence, pride, and identity, and consequently stability within the community. Residents of the area, including representatives of its poor, will exercise final judgment over their Neighborhood's plan upon its completion.

The Model Neighborhood program is thus expected to play a unique and essential role as a component of the system for city-wide community improvement, through the integration of its objectives and goals with those of the entire city and the metropolitan area.

THE METROPOLITAN COUNCIL

(By James L. Hetland, Jr.)

The concentration of a great number of people in the relatively small geographical Twin Cities metropolitan area creates problems that cannot be resolved on a single municipal or county basis. Problems which transcend traditional political boundaries require a regional or metropolitan solution. On August 9, 1967, the Minnesota State Legislature created a unique local governmental agency, the Metropolitan Council, to consider and implement orderly and coordinated solutions to areawide urban problems. Neither a special nor a single service district, the Council is a general service agency designed to coordinate all metropolitan activity. It is not a traditional governmental structure. More than a voluntary council of local governmental officials and less than a formal governmental unit, the Council was designated as an areawide agency to serve the citizens of Ancka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties. *These seven counties represent an urban complex of approximately two million people which in the next 35 years will grow to over four million. At the present time there are included in the metropolitan area 26 cities, 105 villages, 68 townships, 77 school districts, 20 special service districts and seven counties giving us a complex of over 300 separate government units.*

In some metropolitan areas of the United States, organizations composed of representatives of elected municipal officials from the metropolitan area have formed together on a voluntary basis to solve area-wide problems. The only power of such a voluntary organization is derived from the exercise of local powers by joint agreement of the elected officials. In other areas of the United States and Canada a new and formal form of metropolitan government structure has been created, superior to the counties and municipalities involved and exercising many of the traditional local governmental powers.

In Minnesota we have created a new agency, designed to coordinate the operations of our local units of government and of our existing single-purpose metropolitan districts where such local plans or metropolitan agency plans affect the over-all development of the seven-county area. The Metropolitan Council is not charged with operational obligations for any existing service. The Council is to plan and implement the physical development of the area and the rendition of areawide services, but has no power to create or operate by affirmative action. The powers given to the Council are generally more negative than affirmative in form.

The Council is composed of 14 members, each appointed from a separate metropolitan district, plus a chairman appointed at large. Each metropolitan district consist of approximately two senatorial districts. The Governor appoints the members of the Council subject to confirmation by the Senate. The appointment of members from local districts recognizes the importance of having territorial dispersal among Council members to reflect the opinions and desires of citizens in all localities. It provides a representative to whom citizens and local elected officials within the district may look for direct contact and advice. Appointing on a district basis preserves the concept of one man, one vote. Since the Governor appoints on a non-partisan basis, the person appointed is likely to be one who has had wide experience and background in areawide problems and who recognizes that the need for an areawide solution to given problems must transcend the desires of single municipalities. Members of the district were initially appointed for terms of two, four, and six years with the term for each member being six years thereafter.

The Metropolitan Council is given taxing authority within the seven-county area. It suceeds to all the powers and rights of the former Metropolitan Planning Commission, and has the right to adopt its own budget and work program and to disperse its own funds.

The legislature imposed upon the Cou[ncil] certain specific duties and granted to the Council certain specific powers. The Council has the right to review all long-term comprehensive plans of each independent commission, board or agency within the metropolitan area where such plans are determined to have an area-wide or a multi-community effect or to have a substantial effect on metropolitan development. The Council is to determine if the plan is consistent with the comprehensive guide for development of the metropolitan area and its orderly and economical development. In effect, the Council is granted a veto power over the long-range planning of the independent metropolitan agencies subject only to a provision for appeal to the next legislative session.

The Council has power of review over applications of all local governmental units including municipalites for loan or grant funds from the United States if review by a regional agency is required by the federal law. Again the Council is to determine if the proposed local plan is consistent with the comprehensive development for the metropolitan area. As a practical matter, a negative comment by the Metropolitan Council will likely have a conclusive adverse effect upon the grant application. A favorable or an affirmative response is likely to be a substantial assistance to the local community in obtaining federal assistance.

In addition, the Council is granted the right to stop for a 60-day period any local village, city or town plan which will have a substantial effect on metropolitan development. During this time, public hearings will be held to permit contiguous local units of government to be heard regarding the im[pact] of the proposed development upon th[e] community. The Council is to mediate and resolve the differences between communities if possible.

Then lastly, and perhaps most importantly, the Council is specifically directed to prepare and adopt after study and public hearings a comprehensive Metropolitan Development Guide. The Guide is to consist of policy statements, goals and standards, including maps, for the orderly and economic development, public and private, of the metropolitan area. By specific reference in the legislation, the Metropolitan Development Guide is to consider all physical, social and economic factors which will have an impact upon the entire area including land use, parks and open space, location of airports, highways, transit facilities, public hospitals, libraries, schools and other public buildings.

In addition to this specific review and development function, the Council is directed to engage in urban research and study. It is to prepare a program for continuing study in the areas of control and prevention of air pollution; of acquisition and financing of major parks and open space areas; of the control and prevention of water pollution; of the development of long-range planning in the metropolitan area; of the acquisition of necessary facilities for solid waste disposal and means of financing the same; of determining methods of equalizing the tax structure within the metropolitan area and making uniform assessment practices within the area; of determining the necessary storm drainage facilities and methods of financing the same; and lastly of determining those areas where consolidation of common se[rv]ices of local governmental units will be [in] the public interest. Advance land acquisition for development of the metropolitan area is also to be studied. In each of these areas the Council must report back to the legislature and include in its recommendations not only its solution, but a recommendation as to the governmental organization or governmental structure best suited to discharge the responsibility under the recommendations made.

This recital of the duties imposed upon the Council clearly indicates that the Council is more than a metropolitan planning agency, yet less than a new governmental agency.

What is the Council likely to do with the powers given to it? As a result of extensive study, the Council has adopted a 1968 work program, involving an expenditure of approximately $1,200,000. Included are all of the major areas of study requested by the state legislature. Not capable of resolving all areawide problems within the next year, the Council has selected six specific areas, each important to over-all development in our metropolitan area, where it will undertake to complete its study and make recommendations prior to the next legislative session.

The first emphasis is on parks and open space, including the development of a metropolitan zoo. In a metropolitan area three factors, more than anything else, control its ultimate development; highways and mass transit, utilities and open space areas. Of these, parks and open space areas will be the first to disappear as population continues to expand into open areas surrounding our present suburbs. A plan for immediate acquisition of parks and open space is therefore a compelling necessity. The metropolitan zoo is a major part of the park and open space program and a much needed esthetic facility for our citizens.

Sanitary sewers are our second area of concern. Everyone in the seven-county area has recognized for at least six years that something must be done to coordinate sewage disposal in the seven counties. The legislature has been unable during the past three sessions to resolve this very difficult problem. On the other hand, the ways and means of handling sewage disposal will have a major impact upon plans for developing and using our three major rivers and our three major river valleys.

Trash and solid material are accumulating at a freightening pace as our citizens become more and more affluent and as we demand and obtain more disposable luxury items. Public dumps and means and methods of disposing of our solid waste are of inestimable concern to each of our municipalities as well as to our citizens. The third area to be studied by the Council will be solid waste disposal. The Council will determine ways and means of disposing of trash but will not consider questions concerning public or private ownership of trash collection, etc.

The fourth item is development of a mass rapid transit plan, recognized as one of the three keys for controlling area development. The legislature created a special metropolitan service district known as the Metropolitan Transit Commission, and as a part of that legislation (as well as specifically in the Metropolitan Council legislation) the Council is required to pass upon the ultimate transit plans to be developed by the Transit Commission.

Modification of the local consent procedures on highway locations is the fifth item. Under present law, local communities are given a practical veto on the location of state highways within their municipal limits. More often than not the municipality considers the desirability of suggested highway plans from an economic rather than an overall point of view. Local concern regarding access routes and highway location is legitimate, but in resolving the local concern, the metropolitan area cannot under all circumstances permit municipalities to determine the number of access points on new highway systems. The municipalities often desire access points because of commercial or industrial development that will arise by virtue of being on or near an access point. On the other hand, as the number of entrances and exists increase, the rate of traffic flow on the highway decreases proportionately. The result will be either that traffic will flow at a very marginal rate of speed or that highways must be built to accommodate the additional access routes which often times may require eight- or ten-lane highways.

The last and perhaps the most important matter that the Council will resolve before the next legislative session is the Metropolitan Development Guide—of overlooking importance to every decision that all of us will be making in the course of the next 30 years as this area develops. The Guide will be the subject of public discussion and decision within the next six to nine months. If the plan does not accord with the desires of our citizens, it cannot work. On the other hand, it is clear that if we are to have an orderly development of our area to permit our citizens to live under the most favorable circumstances and conditions, we must have a plan. This is our dilemma and our challenge.

What is the Metropolitan Development Guide? Essentially it is a plan for the physical development of the seven-county area through the year 2000. The emphasis is on policies for action by various levels of government. It is a statement of policies, goals and programs. It becomes a "how to do it" guide, rather than a typical zoning approach which indicates *where* development will take place.

This does not mean that the Development Guide will not contain certain definitive conclusions that could and often will be mapped, but rather that it will be concerned primarily with those things that have the greatest impact on physical, social and economic development. If policies for major commercial centers, transportation facilities, utilties, and open spaces are determined, development of residential housing, subcommercial shopping areas and smaller industrial areas will follow the over-all lines as a matter of course.

The Metropolitan Council is fortunate in having available to it a tentative Metropolitan Development Guide created after four years of concentrated study and action by the former Metropolitan Planning Commission, the Minnesota Highway Department, the planning departments of the cities of St. Paul and Minneapolis and the county engineers from the seven counties. In developing the tentative Guide, four different structures of development were considered and the physical and economical consequences of each were studied through computer techniques. The ultimate decision on the form of development as set forth in the Development Guide was determined by a physical survey of the residents of the area and a questionnaire survey based upon discussion and seminar study by locally elected officials.

A constellation city pattern is the form finally determined in the tentative Guide. This means that the Minneapolis and St. Paul downtown areas would be preserved as major commercial areas with each downtown area growing half again as large as it is today; 20 to 30 large diversified community commercial centers similar to the total. Southdale complex would be created; 40 to 60 smaller retailing centers comparable to Har-Mar or Knollwood would then be located around the larger centers. Industries would be located in industrial parks, close to but not within the commercial centers. Industrial parks would be from two hundred to six hundred acres in size. A system of freeways radiating to the downtown area would be developed supported by an underlying grid of highways serving the centers and the surrounding neighborhood. A mass transit system would be created based upon the radial routes and supplemented by local buses.

The first question that members of our community must answer is whether or not they agree with the principles set forth in the Guide. Do they desire retention of large downtown areas in our core cities and the creation of constellation commercial areas? If this question is answered in the affirmative, the next question is then, what types of development controls are needed to implement or sustain such development? Not all new communities will be blessed with the location of a major commercial or industrial complex. How will we compensate those communities for a potential loss of tax base? Many forms of development control are possible, but the control ultimately adopted must be compatible with the desires of our citizens and our private economic system.

By way of example and example only, will it be best to permit a metropolitan agency to have total ownership of all development rights in the undeveloped areas of our seven-county metropolitan area? Would it be desirable to permit a metropolitan agency to have zoning controls over the location of commercial areas, industrial areas, major transportation routes and open space and parks? Would it be desirable to provide for a metropolitan agency in effect to own all industrial and commercial development areas?

Would it be sufficient to provide that no industrial or commercial development take place until a new area is serviced by a developed highway systems and developed utility services, with the metropolitan agency then controlling the timing and the location of new highways and utilities?

One thing is clear, if we are to develop a Guide and follow the Guide for orderly development purposes, some form of development control will be needed. The question that must be answered is the form and method of exercising this control. This question must be answered by the citizens of our community.

BRITISH LEADER DEFENDS U.S. ROLE IN VIETNAM

Mr. McGEE. Mr. President, in the dark days of 1940, when Great Britain stood nearly alone against the forces of aggression, the British people shouldered the burden for the free world even when many other nations were unaware or uncomprehending of the dimensions of the challenge and the effort.

Today, as the United States and other free nations join together to meet the present challenge of aggression in Vietnam, the judgment and perspective of Mr. Anthony Barber, the chairman of the Conservative Party of Great Britain, illuminates, in very few words, the crux of the effort being made to assist and support South Vietnam.

Mr. Barber spoke at a meeting of the American Chamber of Commerce in London and dealt directly with the issue of Vietnam and the critics of our Vietnam commitment.

He is frank. He speaks candidly from experience. He goes to the heart of the matter and leaves no doubt as to where he stands. He knows the challenge of the aggressor cannot be answered by retreat or abdication of a nation's commitments, for such a course only increases the appetite of aggression. He knows what must be done and he knows it is never easy.

Mr. Barber's remarks are all the more valuable to us at this moment of debate and reexamination, because his wisdom is rooted in the perspective and the national heritage of a nation and a people who have stood the lonely test of leadership and principle less than two decades ago. The cause of freedom was the genuine beneficiary of the courage and commitment that the British people displayed at that time. Mr. Barber firmly believes that the commitment in Vietnam is of the same priority to the cause of independence in Asia and to free men everywhere.

Mr. President, I ask unanimous consent that Mr. Barber's remarks be printed in the RECORD.

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

REMARKS OF ANTHONY BARBA, CHAIRMAN, CONSERVATIVE PARTY OF GREAT BRITAIN

Those who clamor for the United States to withdraw from the war had better realize what they are asking for. They are asking for a withdrawal and for the unconditional surrender, which would announce to the world that Communist aggression pays off. They are asking for the Communists to be given a free hand to take over any part of Southeast Asia they choose—Laos, Cambodia, Thailand, Malaysia and Singapore. And it would not end there.

And when these critics attack the United States, why don't they also attack the Australians and New Zealanders who are fighting side by side with the Americans?

At a time when the British Government has decided to withdraw its own military support from the defense of the Commonwealth allies in Asia, it ill becomes the supporters of our Government, sitting on the sidelines, to call upon another nation to break its pledge.

I know exactly where I stand. The United States is fighting for the defense of the Free World against the spread of Communism, and the United States deserves our gratitude and our understanding.

TAX CREDIT FOR COLLEGE EDUCATION

Mr. HANSEN. Mr. President, last year the U.S. Senate passed, in the form of an amendment to other legislation, a bill that would allow for a tax credit to individuals for expenses incurred in providing higher education. This amendment, previously introduced by Senators RIBICOFF and DOMINICK as S. 835, was cosponsored by 53 Members of this body. Although the amendment was later deleted from the bill's final form, as were several other amendments, it is still sound legislation.

The necessity of providing some relief to individuals incurring the high cost of college education has been pointed out on a number of occasions. Certainly one of the strongest arguments for the passage of such legislation is the heavy burden being borne by middle-class Americans who are attempting to send their children to college. It is forever to the credit of the junior Senators from Connecticut and Colorado that they have called these facts to the attention of the Senate.

I was reminded once again of this ever-increasing burden by an article entitled, "Rising Cost of Going to College," published in the U.S. News & World Report of March 4, 1968. The article documents the point made so many times before that college expenses "have far outstripped the rise in most other living costs." The cost of going to college has been increasing over the last 10 years at an annual rate of 4 to 5 percent.

Since 1958, the average cost of a dormitory room at public colleges has increased by 91.27 percent, while tuition and fees have gone up by 67.37 percent. The comparable figures for private colleges are 67.81 percent and 104.4 percent. In the past 10 years, the total cost of higher education has increased by 44.15 percent in public colleges and by 68.47 percent in private institutions.

The argument has often been made by opponents of the Ribicoff-Dominick bill that since it covers only tuition and fees it does not provide substantial assistance to college students. However, it becomes clear after a close study of the figures used in this article that due to the fantastic increase in tuition and fees over the past 10 years—67 and 104 percent for public and private colleges respectively—these charges now account for a substantial portion of the cost of a college education. Today, tuition and fees account for 28.19 percent of the average total charges for the academic year at public colleges. In private colleges, tuition and fees make up 59.57 percent of the total cost. By 1969 the figures will be 28.57 and 60.2 percent. Thus S. 835 would provide a tax credit to individuals for between a third and two-thirds of the expenses incurred in financing their college education.

I feel that the proposed legislation is as sound as it is necessary. I would hope that Congress will act with dispatch in passing such legislation and providing much needed relief and assistance to America's college-bound youth.

I ask unanimous consent that the U.S. News & World Report article and a table containing percentage calculations based on figures derived from the article be printed in the RECORD.

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

RISING COST OF GOING TO COLLEGE

(NOTE.—Tuition, room, board—every campus expense keeps climbing in a spiral that seems endless. Private colleges are hardest hit. A look at the national trend.)

If you are shocked by the cost of sending your son or daughter to college—

Brace yourself for more bad news.

Latest official figures show that still another boost in college bills, averaging 4 to 5 per cent, is in store for the next school year.

All this comes on top of a rapid climb in college expenses that, over the last decade, has far outstripped the rise in most other living costs.

The accompanying chart reveals what has been happening, and the trend ahead. Figures cover tuition, fees, room and board, and are averages. They do not include books, clothing, transportation and other expenses that can easily add $500 or $600 to the basic cost of a year at college.

Thus a student going to a public university, if he is a resident of the State, will typically spend a total of $1,700 this year. In many cases, outlays will run hundreds of dollars higher.

If your son or daughter goes to a private college, the expenses will be much bigger, in most cases. Basic charges at private universities rose by two thirds in the last decade, reaching $2,266 on average this school year.

Adding in $600 for other campus costs incurred by the student brings the total to nearly $2,900, or about $80 a week over a nine-month school year. Actually, in many private schools, costs of $4,000 a year are common.

$12,000 education? The average price for four years of private college is approaching $12,000. Even at State-supported institutions the typical cost of a college education is nearing $7,000.

All told, college bills can amount to a small fortune for a family with two or more children of college age. And many students hope to go on to graduate schools after getting a degree.

The trends shown here help to account for the increasing popularity of two-year community colleges, where students can live at home.

They also explain the growing pressure to get federal scholarships for students, as well as the push to provide more Government aid to colleges, which are themselves caught in a seemingly endless escalation of expenses.

AVERAGE CHARGES FOR ACADEMIC YEAR AT 4-YEAR COLLEGE

	Total 10 years ago	Total this year	Total next year (estimate)
Public colleges	$770	$1,110	$1,155
Tuition and fees [1]	187	313	330
Dormitory room	172	329	348
Board	411	468	477
Private colleges	1,345	2,226	2,382
Tuition and fees	661	1,350	1,434
Dormitory room	233	391	412
Board	451	525	536

[1] Tuition for State or local residents; out-of-State residents pay more.

Note: Costs at many colleges are much higher than these averages. Expenses of books, clothing, transportation and other items push total outlays still higher.

Source: U.S. Office of Education.

PERCENTAGE CHANGE IN AVERAGE CHARGES FOR ACADEMIC YEAR AT 4-YEAR COLLEGES

	1958–68	1968–69 [1]	1958–69 [1]
Public colleges:			
Tuition and fees [2]	67.37	5.43	76.47
Dormitory room	91.27	5.77	102.32
Board	11.11	1.92	11.19
Total cost	44.15	4.05	50.00
Private colleges:			
Tuition and fees	104.40	6.22	116.94
Dormitory room	67.81	5.37	76.82
Board	16.18	2.09	18.84
Total cost	68.47	5.12	77.10

[1] 1969 figures are estimates.
[2] Tuition for State or local residents; out-of-State residents pay more.

Source: U.S. Office of Education; U.S. News and World Report (Mar. 4, 1968).

TUITION AND FEES AS A PERCENTAGE OF TOTAL COLLEGE COST

	1958	1968	1969 [1]
Public colleges	24.28	28.19	28.57
Private colleges	49.14	59.57	60.20

[1] 1969 figures are estimates.

Source: U.S. Office of Education; U.S. News & World Report (Mar. 4, 1968).

OMNIBUS HOUSING BILL

Mr. MONDALE. Mr. President, the Housing and Urban Affairs Subcommittee is presently conducting hearings on the President's omnibus housing bill. The bill is a definite commitment to house the poor and the low-income population of our Nation. It provides for the construction of 6 million units for the low- and moderate-income families over the next

Can the IRS make this action against Christian Crusade stick? IRS officials doubt it themselves (so we have been informed by our attorneys).

One of our tax accountants, who worked for years as an employee of the IRS, told us that in the case of Christian Crusade, the IRS is moving more rapidly than it did in any case during his entire employment. Much of the information on assessments and penalties has been handled by long distance telephone between IRS offices instead of the usual exchange of mail. It did not allow Christian Crusade the usual ten days to pay the assessment, but demanded immediate payment. It did not grant the customary postponement of an appeals hearing (which often amounts to weeks or months) when such postponements are requested. Attorneys for Christian Crusade were allowed only a two-day postponement.

Through persistence, our attorneys have unearthed another ominous development—more than sixty-eight Christian, anti-Communist leaders and prominent public figures are being involved in the case by the federal government through the taking of depositions. What is the purpose? What else but to range far and wide in an attempt to harass and intimidate patriotic Christian Americans, in the implementing of the Reuther Memorandum?

You may rest assured that Dr. Hargis and Christian Crusade will fight this injustice now and in the months to come. The point is—it is not our fight alone. The issue in the case of Christian Crusade is that a court—eventually the Supreme Court—will decide what is religion . . . so that what happens to Christian Crusade will conceivably affect all churches, all religious institutions, as well as all Conservatives and anti-Communist causes.

Because we believe in the power of prayer, freedom and justice, this tyranny will be providentially overruled . . . and we will win.

Income Maintenance

HON. WALTER F. MONDALE

OF MINNESOTA

IN THE SENATE OF THE UNITED STATES

Wednesday, April 24, 1968

Mr. MONDALE. Mr. President, last year, Congress passed one of the most regressive social security bills in the history of this Nation. It was punitive; it was restrictive; and it betrayed the attitude that those unfortunate enough to be on welfare should be punished for their inability to be self-sufficient.

I was pleased at the Senate action aimed at removing many of the bill's deficiencies in this session. Unfortunately, these gains may be lost unless action is taken to turn this action into law in this session.

For it is not as if we were doing very much that was positive. At best, these amendments represent a short-term response to the problems of the Nation's welfare system.

Longer run solutions are needed, one of which may well be some kind of guaranteed annual income, or negative income tax arrangement. A Presidential Commission now is studying the matter, and I eagerly await the results of its endeavors.

A recent article in Look magazine, "Do We Owe People a Living?" by George T. Harris, discusses many of the issues this Nation will have to face. I ask unanimous consent to the inclusion of his article in the Extensions of Remarks to forward the public discussion of income maintenance.

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

THE CRY FOR THE NEGATIVE INCOME TAX SETS UP THE MEANEST DEBATE SINCE PROHIBITION: DO WE OWE PEOPLE A LIVING?

(By T. George Harris)

Having just mailed in Form 1040, along with the skin off your soul, you may get sore at the Guaranteed Income (GI) movement. These GI's, not soldiers, are a strangely mixed group of liberals, Negro mothers, conservatives and radicals. They are moving right along to their common goal: to make Uncle Sam give poor families and their children cash enough to live in moderate ease—whether they work, loaf or riot. The first Federal test of GI is now at the start-up stage in New Jersey.

The notion is simple. Taxes withheld from our paychecks will slide straight through the U.S. Treasury and out again into the mail as Government Issue pay for any citizen who happens to eat low on the hog.

Payouts will be automatic, not as a welfare dole but as a civil right insured by law. The hardluck victim will get no preference over the lusty freeloader whose only social contribution is an upward push on the birthrate.

The prospect looks like a victory for Robert Theobald, 38, India-born guru of the free-money sect. "Some form of national-payments system is coming—that's no longer the issue," he says, with passion bristling from both bars of his mustache. "My greatest problem is that Americans have a pathological desire to toil, and we have more people who want to toil than we have opportunities [jobs] for toil. . . . Guaranteed Income involves a total change in the values of the society."

Theobald preaches openly, and has for years, against capitalism's ancient habit of requiring a man to earn his bread by the sweat of his brow or the muscle of his brain. "We must," he insists, "break the link between job and income."

Why? This socioeconomist believes that automation is destroying jobs so fast that government must take over most of the money-spreading duty from employers. Since his prophecies of doomsday unemployment have so far proved false, he has countered, like an end-of-the-world preacher, by moving his disaster dates forward.

Between trips on the lecture circuit, Theobald beats out books in Apartment 19H of a private-housing project looking north over New York's Harlem. Here lately, he has spied another sign of Armageddon in the sky: credit cards. Without GI, the buy-everything cards will bring on the bloodiest rebellion yet imagined, he tells me, because they draw the first clear and absolute line between those who have and those who have not.

Nor does the worry stop with cash-passing. Theobald also toils over plans to keep people busy enough to stay out of trouble once they are forced into well-subsidized leisure: "A GI that is not accompanied by a strong thrust to provide meaningful activity would be a disaster."

It might be restful to pause for a paragraph while Theobald's ideas cool. He confirms the worst fears, and wildest dreams, aroused by income-maintenance thought. His is an original mind, and uncommonly provocative, but he sometimes sees mountains that, on closer study, are mounds. After talking with him, you need considerable time to absorb a new, little-known political fact: the GI notion is also selling like hot cakes among big businessmen and Republican bigwigs.

Detroit's Arjay Miller, vice-chairman of Ford Motor Co., has taken a public stand. Other industrialists and bankers, generally the opinion-setters of commerce, have surprised me in quiet talks by shifting sharply toward Miller's view.

"Five years ago, even three," mutters a blue-chip chief, "this kind of talk would have gotten a man drummed out of the private-sector corps."

Chicago & North Western Railway boss Ben Heineman, already on record for measures very close to GI, is heading a Presidential commission on income distribution. "I'm not worried about positions that might upset conventional wisdom," says Democrat Heineman. Last month, a leading banker delved into the tangle of Federal housing, decided it might be simpler to give people cash and let them find their own homes in the market. Others see hope for the poverty pockets, white and black, to sprout a self-service commercial sector.

The change in sentiment makes blips on Washington's political radar. Richard Nixon's closest advisers have been urging him to campaign hard for Guaranteed Income, taking it away from LBJ. "For one thing," says Nixon economic consultant Pierre Rinfret, "it would be a strong stabilizer against business cycles."

Wisconsin's Melvin Laird, chairman of the House Republican Conference, is drafting a bill on the subject. Since liberals charge that Laird "stands at the center of the largest conservative apparatus in American politics," his GI proposal will stir up press dust when it hits the hopper. It will also notify both parties that committee hearings and a mean battle aren't far up the road. If Vietnam ever quits drawing the butterfat out of the economy, a few billions are apt to get churned into a new kind of poor law.

Heaven save the John Birchers! Here's the GOP taking up the same cause as Theobald, whose ambition is to scrub out capitalism's labor system. Just as Mr. Robert Welch says, the Commie conspiracy is brainwashing us for sure. Even the debate teams in U.S. colleges are talking GI this year. Worst of all, Republican leaders are being led down this strange path by Sen. Barry Goldwater's Presidential campaign policy adviser: Milton Friedman of the University of Chicago, chief economist to the American Right.

Nervous friends dearly hope that Professor Friedman is kidding, playing an impractical joke. But he, a bouncy egghead of 55 and not famous for humility, confesses that he had the idea, and published it, before the Left took it up. Indeed, most GI's admit, Friedman invented the most efficient way to pass the cash: the Negative Income Tax.

Back in World War II, while in the Treasury Department, economist Friedman decided that if Federal revenue is raised by positive taxes, then public outlays have to be thought of as reverse, or negative, taxes. He believed, as a conservative, that voters would be less spendthrift if they could see where the positive taxes came from to match each negative tax. In a series of lectures, given in 1956 and published in '62, he outlined a below-ground extension for the income tax system. It would pipe money directly, instantly, from the high and middle brackets down to those too poor to pay.

"It gives help in the form most useful to the individual, namely, cash," he wrote.

The scheme would be far less expensive, Friedman argued, than the welfare, public housing, farm subsidy and other projects being run in the name of the needy. His figures showed that in 1961, the Federal, state and local governments sank $33 billion into such efforts, but only one dollar in five ever reached the empty pocket to which it was addressed. His purpose, then a nutty notion to both liberals and conservatives, was to replace inefficient bureaucracy with a check-mailing machine. The urgency of the need to avoid total reliance on public agencies for services was not to become clear

At least that is an admission never before heard, that the tide is running in our favor. The memo suggested that tax exemptions be carefully checked and that the list of major donors to the far right be made public and that the Federal Communications Commission check radio and television stations carrying far-propaganda, but listing their programs as religious, news analysis, or public service, and that the program, "Know Your Enemy," emanating from Washington would be a good place to start.

Incidentally, immediately after the memo was circulated, the income tax reports of Walter Knott of Knott's Berry Farm, one of the greatest exponents of free enterprise, and a true patriot, were examined and he was found liable for deductions which he had taken on contributions to support the California Free Enterprise Association. It is amazing how easy it is to deduct money for contributions to the Fund for the Republic and other leftwing organizations which support the socialistic Communist ideology, but when you attempt to educate people on the free enterprise capitalistic system, you are then dispensing political propaganda. When you consider the massive political propaganda spewed forth by the National Education Association, the Rural Electrification outfit, and even the National Council of Churches, the double standard becomes so apparent that a schoolchild would recognize it.

Skipping one recommendation, I go to the fifth, which was:

The domestic Communist problems should be put into proper perspective for the American people, thus exposing the basic fallacy of the radical right.

What we are doing here tonight is putting the domestic Communist problem in its proper perspective for the American people, and in so doing we are not exposing any basic fallacy of the conservative right.

Now we come to the real "meat and potatoes" of what seems to be bothering the liberals, and that is that the Director of the FBI, J. Edgar Hoover, "exaggerates the domestic Communist menace at every turn, and contributes to the public's frame of mind upon which the radical right feeds." The memo further charges that Assistant Attorney General J. Walter Yeagley, who continues in charge of internal security matters, has always maximized the domestic Communist menace.

The memo continues:

There is no need of a further effort to dramatize the Communist issue, the need now is to rein in those who have created the unreasoned fear of the domestic Communist movement in the minds of American people and to slowly develop a more rational attitude toward the strength of this movement.

In other words, the rational attitude which the pseudoliberals want is that we should appease and even embrace the international Communist menace. The memo suggests that it would not be well to forbid dissenting officials from expressing a contrary view for fear of the charge that the administration was attempting to muzzle J. Edgar Hoover, but that "any effort to take a more realistic view by the leaders of this administration would probably cause most of the administration officials to fall in line, and even some legislators might be affected thereby."

This, then, is the key to the recent attacks upon our patriotic conservatism by some Members of the U.S. Senate and some Members of the House, and, if you will read these attacks appearing in the CONGRESSIONAL RECORD, you will be amazed to see how closely they have followed the substance and the language used in the 24-page memo of Victor Reuther.

The authors of the book, "The Far Right," Donald Janson and Bernard Eismann, state:

No formal action was taken on the suggestions, although the document was read by key members of the administration and circulated to sympathetic Congressmen.

With that statement I completely disagree, for sympathetic Congressmen and Senators have been following the directions of this memorandum, and many TV and radio station licenses are being withheld. These charges by sympathetic Congressmen are replete with the charge of guilt by association and similar techniques, and anyone who disagrees with these so-called sympathetic Congressmen becomes anti-Semitic, anti-Negro, and is charged with being a greater menace to American society than is the domestic Communist establishment.

At this point I wish to refer to the third suggestion in the Reuther memorandum:

The flow of big money to the radical right should be dammed to the extent possible.

The implementation of this recommendation began shortly after it was issued, and actions were commenced by the Internal Revenue Service to eliminate the tax exemption for most or all of the active conservative organizations throughout the country. The next step was initiated by the Federal Communications Commission, to curtail the broadcasting privileges of conservative and patriotic people, such as Dr. Carl McIntire and the Reverend Billy James Hargis.

At no time was there any effort to remove the tax exemption of the liberal, Socialist foundations, which far outnumber the patriotic and conservative institutions. This is a double standard which should not be countenanced by this Republic.

I am including herewith a recent statement by Dr. Hargis on this subject:

Twenty years ago, Dr. Billy James Hargis began Christian Crusade. In a very real sense, it was a "pulpit" from which he could tell his story to the people about what was happening to the churches and to the nation.

On March 12, 1953, the U.S. Treasury Department recognized the ministry of Christian Crusade in a ruling letter which granted tax exemption. This meant, of course, gifts to the religious, non-profit organization were tax deductible, and the organization would incur no liability in the matter of social security taxes.

On September 22, 1966, the Treasury Department completely reversed itself and arbitrarily revoked this tax-exempt status, allegedly on the grounds Christian Crusade is not operating as a religious or educational institution and is influencing legislation and intervening in political campaigns.

During these years, between 1953 and 1966, the content and vigor of the message proclaimed by Billy James Hargis have remained unchanged. He has been uncompromising in his exposure of and opposition to religious apostasy and godless communism. Consequently, he is either loyally supported or bitterly attacked.

But, not until immediately after the elections of 1964, when the Internal Revenue Service made its first threat, has any agency of government sought to interfer with his right as a crusading evangelist to express his convictions and to speak out fearlessly for Christ and against communism.

Why the change? The true story has never been told to the public at large in the press or communications media. For this reason, the staff of Christian Crusade has prepared this message, setting forth the facts simply and concisely, and hoping it will receive wide public distribution.

Two things especially are worthy of explanation and public attention. (1) The real influence behind the government's action against Christian Crusade; and (2) the unjust treatment Christian Crusade has received at the hands of the Internal Revenue Service.

On December 19, 1961, Walter Reuther delivered his infamous Reuther Memorandum to the Justice Department, a twenty-four-page blueprint for action against anti-Communists unprecedented in the history of this country. On pages 20 and 21, Reuther suggested that Christian Crusade could be destroyed by recoking its tax-exempt status. (Copies of the Reuther Memorandum are available for 50 cents by writing Christian Crusade Publications, P.O. Box 977, Tulsa, Oklahoma 74102.)

Within a period of time after the memorandum was dispatched to all high Administration officials and, in fact, became policy, this organization has been subjected to threats, intimidations and harassment, resulting finally in the actual revocation of its tax exemption effective October 10, 1966.

The grounds on which the IRS made its arbitrary decision are utterly false and unfounded. Christian Crusade as an organization has never, directly or indirectly, intervened on the part of any political candidate. It does, however, as a matter of Christian principle, support amendments for voluntary prayer and Bible reading in the schools, but certainly not in the sense of lobbying or politicking.

Obviously, a double standard exists in the matter of tax exemption. Any number of leftwing organizations actively support or denounce political candidates and maintain lobbyists in Washington for the purpose of influencing legislation—all the while enjoying a tax-exempt status.

In its treatment of Christian Crusade, the IRS has acted in a manner, characterized by one American, as "a law unto itself." You may recall the article, "Tyranny in the Internal Revenue Service," in Reader's Digest of August, 1967.

In January, 1968, the Internal Revenue Service assessed Christian Crusade for payment of social security taxes retroactive from 1961 through 1965—an unheard of action. Remember, during these years, we operated as a tax-exempt organization by authority of the U.S. Treasury Department itself with the assurance in its own words we were not liable for social security taxes. This assessment, with interest and penalties, amounted to $61,691.70.

Put yourself in our place for a moment. What would it do to you as an individual or to your business if all contributions you have made in the last ten years to your church or charitable organizations should become taxable on a retroactive basis?

until the advent of the new strike era among public employees.

Friedman also had his eye on such sacred but scrubby cows as minimum wage. He foresaw the day when the legal minimum, pricing entry-level jobs out of reach of low-skill workers, would consign millions to a sub-machine caste. (The latest three-stage boost of the legal wage, to $1.60, has wiped out enough jobs to nullify the efforts of Government and industry to train and hire more Negro teen-agers.) Friedman's version of GI would supplement low wages, draw idle teen-agers into their first jobs and undercut future demands for fast boosts in the minimum wage.

And there was, above all, Friedman's pet hate: the harsh Federal penalty on work by the poor. A man or woman on welfare was taxed 100 percent, often several hundred, on any income he earned. Here's how: if he went out and got a low-pay or part-time job, his welfare payments would be cut dollar for dollar. If the job petered out, as often happened, he might not get the payments restored for months. It was (and is) hazardous to try that big jump out of the welfare trap. A negative income tax, Friedman argued, would let people climb out step by step.

The thing sounds weird at first, but once you get the hang of it, nothing could be more like horse sense. Friedman's Negative Income Payments—let's call them NIP's—are to be graduated the way our positive taxes are. Those who earn least will draw the most, but earnings on a job will not be confiscated dollar for dollar.

People who earn nothing at all will live on a basic payment from Uncle Sam, say between $1,500 and $3,200 a year to cover a family of four. For each dollar earned by working, the recipient will be able to keep 50 cents. (To put it another way, if his job pay is $40 a week, his NIP check goes down $20.) The payments taper off to nothing just before a worker moves up to the wage level where he or she is initiated, like the rest of us, into the joys of tax-paying instead of tax-taking. Thus improved, the dear old Internal Revenue Service will look like Dr. Dolittle's pushmi-pullyu.

"Everyone would fill out the same Form 1040, and get the same exemptions and deductions," says Friedman. "Some will pay taxes, and some will be paid." Not since Beardsley Ruml invented pay-as-you-go withholding has a new idea grabbed the minds of so many policy makers.

Something was needed. The gathering racial storm in the cities finally brought on one of those rare searches for new insight. Neither Friedman nor Theobald got much attention when, in 1962 and 1963, each published a guaranteed-income proposal without knowing of the other's effort. They lived in different worlds of ideology, the Right and the Left. I don't even remember hearing of Theobald until Ralph Helstein, president of the United Packinghouse Workers, took me, in late '63, to a New York luncheon given by a small, informed band of thinking in the AFL-CIO. Most, including me, were cool to Theobald's work-is-passé pitch over coffee, but Helstein saw the income floor as "a way to hold out hope" to members of his automation-hurt union.

Collaborating with the Center for the Study of Democratic Institutions, Helstein soon joined 36 academics, writers and random brains in signing a 1964 document dubbed *The Triple Revolution*. As boss of a tough union, he gave practical reality to an otherwise free-form group. Their paper, widely quoted, pushed Theobald and his GI into the national limelight. Negro hopes raised by civil rights, it argued, would be frustrated by the loss of jobs through automation and by cuts in war production under the nuclear standoff.

Helstein, round as a dumpling but with a very hard core, stayed way out front in the racial struggle. He had put up seed money to help start Martin Luther King's SCLC, funded early SNCC projects and served as a director of hell-raiser Saul Alinsky's Industrial Areas Foundation. In the winter of 1964–65, Helstein happened across a copy of *Context*, an eggy magazine now defunct, that reprinted Friedman's Negative Income Tax proposal.

"That's it," Helstein told the Theobald group. "This conservative has provided us with a way to get guaranteed income."

Others agreed, or had the notion serendipitously. Soon, liberals and conservatives alike were touting NIP's not sure who was conning whom. President Johnson, in signing the 1964 tax-cut bill, promised the next slice to "those who need it most." By 1965, Treasury statisticians were doing feasibility numbers on cuts for the lower brackets and pushing the data on down to cover negative-tax proposals. It was an academic exercise, of course, since the general public had not yet heard of NIP's, let alone work up a hunger for them.

Meanwhile, the big-income play came rolling out of the Labor Department. Assistant Secretary Daniel "Pat" Moynihan, a 6'5" leprechaun trained in a Manhattan bar, flew boisterously back from an Irishman's tour of Europe with an entirely different scheme for income maintenance. "We're the only industrial democracy left," he reported, "without a family, or children's allowance."

France, Canada and 50 other countries pay per-child state subsidies to every family, rich or poor. The family allowance, while an expensive and inefficient way to aid the poor and near-poor, jibed with Moynihan's belief in "unities." By that, he meant programs that build bridges of mutual interest (e.g., money) across income and race divisions. Two out of three poverty families are white, but most Federal schemes focus, realistically, upon poverty's concentrated growth sector, the ghetto. Moynihan wanted to make a political sale based on the needs of 13.9 million innocent victims, poverty's children. "Everybody knows that the day after we pass a family allowance," he still believes, "it will be the most popular legislation on the books."

So it might. But Moynihan made what can only be called an expert's error. Author of a remarkable study on the sensitive pride of ethnic groups, he set up the Administration case for family allowances in a report that offended the pride of his biggest target group, Negro families. The "Moynihan Report" said their society was a shambles.

Rising advocates of Black Power raged on into 1966 against both his report and his allowance. President Johnson, thus forced to retreat to routine urban spending, fell back on the barnyard idiom to express his dismay. "If the niggers want crap," he told an aide, "we'll give them crap."

As a young man, the President had seen ragged white folks use New Deal agencies to buy their homes, reclaim bankrupt farms, set up their own electrical companies (REA co-ops), boost production with fertilizer and hybrids, make homelife bearable and get their kids educated. By comparison, today's urban programs are leftover scraps for the leftover poor. Urban-renewal bulldozers destroy more homes than they build. Public housing locks tenants into high-rise slave quarters. Poverty Warriors, for all their good intent, pour their money into middle-class professionals, urban experts, in the faint hope that some will trickle down to the poverty people. The welfare state seems to have turned the New Deal upside down.

Though allergic to any lessons from Friedman, many an earnest liberal has begun to doubt agencies that once were sacrosanct. Moynihan, who fled Washington for Harvard, compares the old system to a plan for fattening the sparrows in the street by feeding the horses. "We might as well admit that Government is a disaster at distributing services," he says. "It is rather good at distributing income." That's what the income tax, positive division, has been doing since 1913.

The most savage attacks have been thrown against welfare itself, mainly by those who know it best: its bosses and customers. Mitchell Ginsberg, as New York's welfare commissioner, wrote of the whole welfare establishment as "bankrupt."

The trouble centers in the federally sponsored AFDC—Aid to Families with Dependent Children—which annually enrolls thousands of new clients from among Negro migrants to Northern ghettos. With the onrush of affluence, all other kinds of relief have, in recent years, lost absolute or relative numbers. U.S. welfare costs have slid well below one percent of gross personal income.

The horror is in the effect on people. Intended to sustain, AFDC acts more like pump-primed leukemia. Set up for mothers without husbands, AFDC enforces a rule against "a man in the house." So the father who earns too little, or loses his job, can help his family best by bugging out. If he comes back, or a prospective new husband is seen around the house, the money must be cut off.

You can imagine the slum woman's rage at caseworkers who "peep under the bed looking for men's underwear." AFDC makes it prudent to call your child a bastard and blocks a divorcee's effort to recruit a man to head the family. One mother of six, going on seven, has adapted to the official system. She insists upon being called "Miss."

But few adapt completely, even to the ban against working, and a little freedom is in sight. A drop of Friedman's negative-tax thinking seeped through Congress and into the latest welfare law. An AFDC mother will not get to keep 33 percent of any wage she earns. So the lowest income group will no longer be taxed more than 66 percent. That's progress. In the positive-tax brackets, however, such steep disincentives are reserved for the very rich and energetic.

The paradox is clear. Our nation decided long ago that if we fail to give people a chance at a productive role, then we do owe them a living. But the dole reinforces the helplessness that trapped most recipients into welfare. Under its stern rules, only those proud enough to fight back are apt to be ambitious enough to break out.

Some such spirit is now boiling up, abetted by a pair of trouble-loving white radicals, a black chemist and squads of formidable ladies. Richard Cloward and Frances Piven, a brawny professor and a chic researcher, operate in Harlem out of Columbia University's School of Social Work. They discovered three years ago that many of the poor are too timid to apply for welfare, and those who do are often afraid to demand the full amount due them and their children.

Because of tight budgets in most states, Cloward estimated, welfare administrators actually pay out about half as much money as the poor could legally claim. The budget-balancing techniques range from terror in Mississippi to camera-clicking spies in Washington, to routine incompetence in most cities. The standard tales of welfare cheats are, literally, less than half the truth.

Cloward-Piven laid out a strategy of deliberate disruption. By organizing welfare clients to demand full rights (or more) and recruit other clients, they would overload the welfare bureaucracy, break it and bring on, they hoped, a guaranteed income. This strategy could—and of late seems likely to—make the cumbersome caseworker system more costly than NIP will be.

Searching for a man to put muscle into their plan, they found George Wiley, 37, a soft-spoken giant who had barely missed being elected national chief of CORE. Wiley, a Cornell Ph.D., used his personal savings from industrial-chemistry research to start NWRO, the National Welfare Rights Organization. Slowly, at first in New York and now in 26 states, he found the ghetto firebrands, AFDC mothers. More than half the AFDC recipients are Negro.

Wiley's mothers started herding groups of disappointed claimants into local welfare centers. They cited laws and rules better than caseworkers, demanded instant action. "We generally pack a little lunch," says Mrs. Beulah Sanders, sturdy chairman of the New York NWRO. "If the administrator don't give satisfaction, we settle down to spend the night." Her city's welfare rolls, doubled to 800,000 since 1963, are now rising faster than ever. Welfare officials tend to cave in, if possible, before reporters arrive, and quick victories rouse the timid to fight.

Wiley's big break came last fall at congressional hearings on the new welfare bill. Sen. Russell Long of Louisiana, beset by NWRO ladies, called them "Brood Mares." They put the title on like a new hat. "Well," said one, "the Brood Mares are going to stampede."

The new House Bill 12080 provided that if an AFDC mother refuses to leave her children to attend job-training, caseworkers have the authority to take away her children and farm them out to foster homes. That provision helped convert private shame into public indignation. NWRO's national membership broke the 6,000 mark. The Brood Mares in many cities planned Mother's Day protests against welfare offices this May 12, signed up with Martin Luther King's Washington demonstrators. The first asphalt-roots organization had found its battle cry: "Don't take our children away!"

Curiously, 12080, now law, is well-intended. Chairman Wilbur Mills of the House Ways and Means Committee, coauthor of the bill, has been gouging the welfare establishment for years, trying to make it help people up into self-supporting jobs. He might as well try to eat peas with a kitchen knife. Social workers make poor job-replacement experts. And, except for the 33 percent earning incentive he wrote in, the new bill leans heavily on brute force. "Yes, it is coercive—but only when the state decides that a person is an appropriate candidate for training and work," Mills told the House.

There's the rub. To free-enterpriser Friedman, state coercion is the least effective instrument of a capitalist society. For one thing, it works only on scared subjects. "We are getting two kinds of people: those who are free, and those who are wards of the state and must do what the state says," says Friedman. "On the Negative Income Tax, some would choose not to try. That is part of the loss you take; but the proportion, I believe, would be small and would decline."

We will soon find out. On a $4 million line of credit from OEO's anti-poverty larder, 800 poor and near-poor in New Jersey are being picked to receive the first NIP's for the next three years. The Ford Foundation is petty-cashing an expansion of the experiments. Squads of economists are checking the lucky guinea-pig people, eager to find out if the free dough inhibits whatever impulse they have to work. Unlike the experts, I'm betting that the average guinea pig will strive harder, not less, and boost earned income by 15 to 20 percent. It's the post-affluent, not the never-had-its, who deliberately cop out of the rat race. There's nothing like the first taste of money and freedom to whet the appetite for more.

This is precisely the outcome that Theobald fears. He feels betrayed by OEO's "failure to take advice." And therein lies the irony of the five-year debate over income guarantees. Theobald's plan, meant to pull people out of jobs—and thus, I think, freeze them forever in a lower caste—has been turned around and fitted to the opposite purpose: luring, not forcing, the underemployed into more productive roles and better lives. The Jersey NIP's are even called WIP's: Wage Incentive Payments.

Prepared to follow up, Poverty Warrior Jim Lyday of OEO has drafted a national proposal that will cost $2 billion the first year, not the $6 to $33 billion often talked about. Not radical, not reactionary, it would simply replace AFDC in half the states, and invite the other half to add their own NIP supplements to the Federal payment.

"No, it's not enough to meet the need," admits Lyday. "But it erodes the base of poverty transfer from generation to generation. This begins to make real the promise of America."

You may feel, as I felt for years, that there is something inherently wrong, perhaps devilish, about Federal guarantee of income. This fear looks silly, however, when you see that we have such an income floor promised in welfare—and delivered in a way that perverts its benign purpose.

The case for the Negative Income Tax is compelling. The steady buildup of evidence as well as argument, especially from the implacably genial Dr. Friedman, makes the role of the holdout tedious. The Friedman NIP is distinctly different from the rigid subsidy systems of the past. It weds public policy with the flexible means of private life, gives elbowroom for Americans to make thir own choices and brings us all together—none left out—for the annual liturgy around Form 1040.

But one reservation remains. Though it may breach the bureaucratic wall around the ghetto, an income-support plan is neither a revolution nor an all-purpose cure. Without the efforts of churches, communities and business, the test of the times will be flunked. Government cannot absolve the larger society from its direct duty, nor can a subsidy check in the mail take the place of a real job, at a decent wage, in a society that will allow you to make your place.

Impression on Southern Africa

HON. JOHN R. RARICK

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 24, 1968

Mr. RARICK. Mr. Speaker, people who have visited Africa firsthand seem far more understanding and tolerant of the problems of Africa than the guided victims of the egalitarian theorist.

In fact, most African travelers agree that patience and sympathy are needed far more than threats and reprisals—that is, if our foreign policy objective is designed to help rather than hinder the people.

I include a paper entitled, "The Dark Continent Is in Need of Patience and Sympathy," by Dr. James F. Bishop of Davenport, Iowa, giving his impressions of Africa following my remarks:

THE DARK CONTINENT IS IN NEED OF PATIENCE AND SYMPATHY

(By James F. Bishop, M.D.)

I was privileged to join an American newspapermen's study mission to Africa, this past summer, because Mr. Henry Hook a co-publisher of the Davenport Times-Democrat, is a friend and neighbor of mine. Another non-newsman who attached himself to the entourage is Dr. Jay Houlahan, of Mason City. He wrote a letter to Mr. Hook which sounded so wistful that he was invited to go, too. There were 12 in the group, including representatives of newspapers in Arkansas, Nebraska, Mississippi, Ohio, Connecticut, and Iowa, and the two Iowa medicos who represented nothing but their own curiosity.

We gathered in New York City on July 21 for briefings by the Big Bwana, our tour director, and by representatives of the various nations which we were to visit. After Lufthansa had softened us up by means of a farewell party, its aircraft lugged us over to Frankfort and then on to Africa. It was August 10 when Lufthansa brought us back across the dark continent and over to New York City, and there it left us to cope with the airline strike as best we could.

With complete justice it might be said that three weeks is hardly long enough to create an expert on the vast and complex land that is Africa. Yet, our newspaper study mission had certain privileges and advantages not open to the usual tourist. We asked questions, listened carefully, and persistently picked brains from Nairobi to Cape Town.

Three different types of nations were there for us to see: the newly-independent and black controlled Kenya and Zambia, a remnant of a colonial empire in Mozambique, and two nations governed by white minorities Rhodesia and the Republic of South Africa. In each, citizens and officials alike tried, with apparent sincerity, to answer our questions and help us to know the formidable problems which beset them. There was, in each country, an almost desperate anxiety to be understood.

Our time in Kenya was short, because of a mixup in airline reservations. We did, though, tour Nairobi, its capital and watched its black citizens obviously enjoying their parks which possibly, in the not too distant past, had been denied them. To keep our schedule, it was necessary to charter two small twin engine airplanes and fly 1,150 miles across the bleak and deserted bush country to Lusaka, capital of Zambia.

Here we found a modern city with a broad boulevard flanked by up to date buildings. There were substantial-looking banks, busy supermarkets, apartments, automobile dealers, and all the other trappings of today. As we watched, the impressive figure of President Kenneth Kaunda emerged from a building to enter his car, stopping a minute to wave a white handkerchief at his people who waited for him. They waved back, silently and without any sign of a contrived demonstration.

AMERICANS TWITTED

In the crowd near me was a citizen of Israel, a member of an agricultural mission come to help the Zambians with their farms. He twitted me a little, saying they brought no money, as Americans are prone to do, but came only with service. He was not quite fair, however, for our Ambassador Robert C. Good told us that American help to Zambia has been largely in service marked by community planning and teaching in their schools.

Each year, 55–60 Zambians come to America to school, mostly in agriculture. The ambassador invited us to a reception in his home where we met many Zambian officials. They were obviously intelligent, eager, and full of enthusiastic plans for their country.

They were, also, slightly touchy, self-conscious, and perhaps a bit immature. There is much to do in Zambia for they had only 100 college graduates and 1,000 high school graduates at the time of independence in 1964.

Rhodesia was next. Here was the nation so much in the news because of its declaration of independence and because of the retaliation against it by Britain and her friends—including the United States. We found courteous and speedy treatment in customs as we landed at Salisbury.

We were late for dinner at Meikle's Hotel but were promptly fed. There were no horns sprouting from the foreheads of these friendly, vigorous people—they might well have been Americans. Salisbury might well have been Minneapolis. They are about the same size, have the same modern buildings and businesses, and the same car-filled streets. Because of the sanctions, there was gas

(See the remarks of Mr. RANDOLPH when he introduced the above bill, which appear under a separate heading.)

By Mr. DIRKSEN (by request):

S. 4068. A bill for the relief of Viorica Anna Ghitescu, Alexander Ghitescu, and Serban George Ghitescu; to the Committee on the Judiciary.

S. 4067—INTRODUCTION OF BILL RELATING TO REMOVAL OF PAY LIMITATIONS ON EMPLOYEES ENGAGED IN AIR TRAFFIC CONTROL AND AVIATION SAFETY IS ADVOCATED

Mr. RANDOLPH. Mr. President, on behalf of myself, the Senator from Indiana [Mr. HARTKE] and the Senator from Maryland [Mr. BREWSTER], I introduce, for appropriate reference, a bill to amend title 5, United States Code, to provide for the payment of overtime and standby pay to certain personnel employed by the Department of Transportation in the performance of duties which directly affect aviation safety and which are critical to the operation of the air traffic control system.

Mr. President, the purpose of this measure is to remove the GS–10 minimum rate limitation used in computing premium pay for overtime and standby time for certain employees of the Department of Transportation. The duties of these employes directly affect aviation safety—a critical national problem. This measure will affect approximately 9,000 to 10,000 air traffic controllers and approximately 6,000 airway facilities personnel who are classified in grades GS–10 and above.

Under existing law, payment of overtime is authorized at a rate of 1½ times the hourly rate of the employee's basic pay, if his basic pay does not exceed the minimum rate of GS–10. For those employees whose minimum rate exceeds the GS–10 level, their overtime compensation is based on the minimum rate for a GS–10. This system is applicable to the computation of pay for standby time.

In fact, employees above the GS–10 level receive less pay for overtime or standby time than for their regular work.

The measure I submit today will remove this inequitable limitation. It is identical to the legislation, H.R. 19136, which was approved by a 317 to 2 vote in the House of Representatives on September 16.

There is no need to elaborate on the fantastic demands placed on air traffic controllers and airway facilities personnel in this jet age. The excessive work hours, the strain, and the hardships to which these employees are subjected is known to us. The need to alleviate these conditions is obvious—it demands attention. This measure to provide increased compensation for overtime and standby time is certainly one way in which the Congress can act immediately to an inequity.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 4067) to amend title 5, United States Code, to provide for the payment of overtime and standby pay to certain personnel employed in the Department of Transportation, introduced by Mr. Randolph (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Public Works.

RESOLUTION

SENATE RESOLUTION 395—RESOLUTION TO AUTHORIZE PRINTING OF A HISTORY OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE AS A SENATE DOCUMENT

Mr. HILL submitted the following resolution (S. Res. 395); which was referred to the Committee on Rules and Administration:

S. RES. 395

Resolved, That there be printed with illustrations as a Senate document a compilation of materials relating to the history of the Senate Committee on Labor and Public Welfare, in connection with its one hundredth anniversary (1869–1969); and that there be printed for the use of that committee one thousand additional copies of such document.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1969—AMENDMENT

AMENDMENT NO. 1001

Mr. CLARK submitted an amendment intended to be proposed by him, to the bill (H.R. 18707) making appropriations for the Department of Defense for the fiscal year ending June 30, 1969, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT OF INTERNAL REVENUE CODE OF 1954—AMENDMENTS

AMENDMENT NO. 1002

Mr. MONDALE. Mr. President, I rise today to offer an amendment to H.R. 2767 for myself and Senators NELSON, HARRIS, and AIKEN.

This amendment relates to another aspect of the conservation problem in the United States—the conservation of human beings.

Mr. President, we hear a great deal these days about the need for self-help. We work ceaselessly to provide opportunities for jobs. In recent years, we have stressed the need for helping those who can, to pull themselves out of poverty and dependency through work.

Of all the groups that need support, all would agree I think to the importance of helping the mother on welfare to help make this escape. The mothers and children of this country now receiving aid to families with dependent children are among those most deserving of every kind of help we can provide to escape the vicious cycle of poverty that traps generation after generation, one after another.

In recent years, mothers across the country have been helped to help themselves escape this cycle. Through jobs in antipoverty and related programs, they have been able to both help the people they know best, and at the same time help themselves move from being "tax eaters" to being taxpayers.

One policy instrument that has helped in making this possible has been the work incentives provided in the Economic Opportunity Act and related acts. Under these arrangements, mothers have been permitted to keep part of the income they earn without having it deducted from their welfare grant.

The idea has worked well. When a mother receiving an AFDC grant is able to work and keep a portion of her earnings without having it deducted from her grant, she not only is taking a first step toward independence, but she also is able to lift her family a little above the poverty level. So far the policy has enabled many women working on such programs as teacher aides in elementary and secondary schools, Project Headstart, citizens community centers, and new careers to make an excellent contribution as effetive staff assistants as well as enabling many to add needed income to their families out of their own efforts.

Not only have the women benefited, but also the community, both from the service they have provided, but also from the fact that the women and their families have been able to participate more as part of the mainstream of American life.

Unfortuntaely, this entire program now has been destroyed in many States. But the program can be retrieved, if the amendment I offer is adopted.

Under the 1967 Social Security Amendment, several earnings exemption plans for AFDC recipients employed in Federal programs were terminated as of June 30 of this year. In place of these special plans, the 1967 amendments establish a new general earnings exemption arrangement for all employed recipients regardless of the nature of their employment.

The 1967 amendments stipulate that State implementation of a new general plan is optional until July 1, 1969. After that date, States are required to adopt the system. However, the old plans stopped July 1, 1968.

The problem is this: many States need enabling legislation to implement the new earnings exemption. If the State legislature was not scheduled to meet, welfare departments could not start the new program last July.

The results in these States have been disastrous. AFDC recipients who were employed in poverty, education, and job training programs suddenly found themselves losing money. For all of a sudden, the earnings exemption was gone.

Mr. President, I should like to insert in the RECORD a chart prepared by HEW showing the status of this program now.

The report shows clearly that 31 States, including Minnesota, were unable to put the new earnings incentive plan into effect on July 1 when the old plans were terminated.

The cost in human terms already has been enormous; 1,709 people have been affected in Minnesota alone.

I should like to insert one of the many letters I have received from Minnesota concerning the human hardship that has already been created.

Mr. President, I am sure that it was not the intent of Congress that this happen as a result of the passage of the

1967 social security legislation. I am sure that the drafters of the legislation intended, not that the incentives be discontinued and that people be forced to stop work, but rather that the incentives continue to provide needed aid to mothers already working.

It is with this in mind that I introduce the amendment to this measure this afternoon.

The very simple intent of this amendment is to permit the program to work with equity in the States.

This amendment would keep the former work exemptions in effect for those persons who were receiving them in June 1968, until the States have a chance to act. The amendment would terminate at the end of the State's next regular legislative session and in no event later than June 30, 1969.

It would apply only to those States that have not had legislative sessions this year.

Mr. President, this amendment has the endorsement of other Senators. Senators HARRIS, NELSON, and AIKEN are cosponsors.

The American Public Welfare Association, the State Welfare Departments, the National Assembly of Social Policy and Development, the Child Welfare League of America and other groups all have endorsed the intent of the legislation. Congressman FRASER has introduced a measure with similar intent on the House side. The Seventh Annual Midwestern Governor's Conference relative to aid to families with dependent children also has endorsed the need for legislation of this kind.

I ask unanimous consent to insert in the RECORD at this time letters and editorials endorsing the goal of this legislation. I hope this amendment will be approved.

The PRESIDING OFFICER. The amendment will be received, printed, and will lie on the table; and, without objection, the letters and editorials will be printed in the RECORD.

The letters and editorials, presented by Mr. MONDALE, are as follows:

ABILITY OF STATES TO IMPLEMENT 1967 AFDC AMENDMENT

(This report shows that 31 States, including Minnesota and Wisconsin, were unable to put the new earnings incentive plan into effect on July 1 when the old plans were terminated.)

Disregarding the first $30 of any income earned per month plus 1/3 of the remainder earned (Guam, Puerto Rico, Virgin Islands—not reported.)

Will implement July 1, 1968, or soon thereafter, 17 States.

California	Montana
Colorado	New Jersey
Connecticut	New York
District of Columbia	North Dakota [1]
Hawaii	Ohio [2]
Iowa	Oklahoma
Kansas	Rhode Island
Kentucky	West Virginia
Massachusetts	

Cannot implement at present because of lack of State funds, 23 States.

Alabama	Maryland
Alaska [3]	Michigan
Arizona [4]	Nevada
Arkansas [5]	New Hampshire
Delaware	New Mexico
Florida	Oregon [7]
Georgia	Pennsylvania
Idaho	South Dakota
Illinois [6]	Tennessee
Indiana	Texas
Louisiana	Wyoming
Maine	

Needs enabling legislation, nine States.

Minnesota [8]	Utah [12]
Mississippi [9]	Vermont [13]
Missouri [10]	Washington
Nebraska [11]	Wisconsin
South Carolina	

Needs formal Board action, two States.

North Carolina [14]	Virginia [15]

[1] Has not made firm decision but probably will implement.

[2] Already implemented effective April 1, 1968.

[3] Estimate 231 persons will be affected.

[4] Estimate 125 persons will be affected.

[5] Estimate 100 or more persons will be affected.

[6] Estimate 300 persons, almost all on OEO projects, will be affected in Chicago, alone; expect strong adverse reactions to situation. However State agency already has a large deficiency in budget and is seeking a supplemental appropriation to meet it.

[7] Estimate 75 persons will be affected.

[8] Estimate 1,709 persons will be affected.

[9] Legislation being considered in current 1968 session.

[10] Estmiate 200 persons will be affected.

[11] Estimate 175 persons will be affected.

[12] Have prepared an amendment for consideration of legislature.

[13] Estimate only small number of persons affected.

[14] Have not asked for Attorney General's opinion; Board action will be necessary; availability of funds a factor.

[15] Proposal to be presented to State Board at July meeting.

Source: SRS—APA, June 18, 1968.

AUGUST 12, 1968.

DEAR SENATOR MONDALE: I am writing you concerning the Directive from Dept. of Publice Welfare which went into effect July 1. From Oct. 18 to June 18 I worked as an Outreach Aide for Goodhue Rice Wabacha Citizens Action Council, Inc. on June 18 I was notified that because of this directive my grant for July would be cut 82—from wages earned in *May* and I was cut $115 for wages earned in June. What kind of laws are passed that affect wages 2 months before we know of them. I was forced to quit work. $30 a month will not cover the increase in food costs, lunches away from home, dry cleaning, hosiery, etc. I applied for training under MDTA but do not live in the Twin Cities area so have been unable to receive it and there is no allowance for us to move into an area where there is training. We hear a great deal about the increase in costs of welfare but when we try to get off we're punished. I know I'm not the only AFDC mother hurt by this law but I do know how it hurt me and my family. Why do they feel we can work for nothing? Where is the incentive to try and get off welfare. I was hoping to use my earnings to pay for my own training; instead I'll be months trying to balance a budget upset by this change. If I had known prior to this directive I could have made arrangements but before I knew of the change I had lost $200. Surely Congress must realize a welfare family isn't in position to lose $200 without warning.

I do not know anyone who wants to be on welfare but where do we get help to get off. I receive 262 for basic needs plus 70 housing allowance for myself and 5 children, that certainly doesn't allow any extra for training or moving to where there is training, etc.

Does Congress want us to get off welfare rolls or to stay on.

I would very much like to know what our Senators and Representatives are doing to try and help those of us that want to be self supporting.

Sincerely,

KATHLEEN RICHARDSON.

MAZEPPA, MINN.

[From the Seventh Annual Midwestern Governors' Conference, Milwaukee, Wis., June 30–July 3, 1968]

RESOLUTION XI. AID TO FAMILIES WITH DEPENDENT CHILDREN

Whereas, 1967 Amendments to the Social Security Act (P.L. 90–248) and to the Economic Opportunity Act (P.L. 90–222) provide that after June 30, 1968, recipients of Aid to Families with Dependent Children will no longer be entitled to certain disregards of income currently provided by other federal acts including the Economic Opportunity Act the Manpower Development and Training Act, and Title I of the Elementary and Secondary Education Act; and

Whereas, Congress in amending the Social Security Act (P.L. 90–248) did provide a new disregard of income; and

Whereas, Congress further provided that the several States will have until July 1, 1969 to implement the new income disregards; and

Whereas, the majority of States will be unable to implement the new income disregards until sometime after July 1, 1968; and

Whereas, in those States unable to act until after July 1, 1968, many recepients of Aid to Families with Dependent Children in training and/or employment will be denied the benefits of income disregard which they are presently entitled to; and

Whereas, denial of income disregard benefits will discourage recipients both from remaining in training and/or employment and from entering training and/or employment under current federally-aided programs:

Now, therefore, be it Resolved that the Midwestern Governors' Conference urge Congress to take action deferring the effective dates of appropriate sections of P.L. 90–248 and P.L. 90–222 until July 1, 1969.

[From the Minneapolis Tribune, June 7, 1968]

PROTECTION OF POVERTY WORKERS' PAY ASKED

(By Dick Cunningham)

The Minneapolis Urban Coalition voted Thursday to apply its influence at the state level to see that mothers working in poverty programs don't lose the financial incentive that makes it possible for some of them to work.

The coalition—of major business, labor and community agency representatives—voted to ask Morris Hursh, Minnesota welfare commissioner, to administer regulations so the women will not lose $100 a month starting July 1.

If Hursh needs it, he should ask Minnesota Atty. Gen. Douglas Head for a legal opinion that would allow Hursh to save the money for the women, the coalition advised.

The group also empowered its executive director, Larry Harris, to ask the National Urban Coalition's new legislative unit in Washington, D.C., to work for a change in the national law that is jeopardizing the women's money.

Finally, the group voted to set up in a task force to study the 1967 amendments to the Social Security Act to seek changes in any that may threaten the well-being of Hennepin County poor people.

The specific change that threatents the income of some of the mothers in poverty programs is the result of an attempt by Congress to shift financial incentive from one law to another.

Congress repealed a provision of the Economic Opportunity Act that permitted women on Aid to Families of Dependent Children (AFDC) to keep $115 instead of only $15 of extra income each month, provided the income comes from work and/or training in a poverty program.

Congress provided for a similar incentive in an amenment to the Social Security Act, but the provision requires action by the state legislatures to become effective in Minnesota and in many other states.

The Minnesota Legislature does not meet until 1969.

Therefore, without action by Hursh or Congress, women under the program may lose $100 a month starting July 1, explained Cecil Newman, head of the coalition's employment task force.

More than 200 women in Minneapolis would be affected, said Harris. In one program alone, New Careers, about 60 women have said they will have to quit, said Mike Roan, community relations director of the Hennepin County Mobilization of Economic Resources.

[From the Minneapolis Tribune, June 23, 1968]

EARNINGS INCENTIVE LOST IN LEGAL SNARL

To the EDITOR:

When a mother receiving an AFDC (aid to families with dependent children) grant is able to work and keep a portion of her earnings, without having it deducted from her grant, she not only takes the first step toward independence, she is also able to lift her family a little above the poverty level.

This sensible policy, put into practice in the antipoverty programs, is known as an earnings-incentive program. It has enabled hundreds of women throughout the state working on such programs as teacher aides in elementary and secondary schools, Project Headstart, Citizens Community Centers, and New Careers to make an excellent contribution as effective staff assistants and to add needed income to their families out of their own efforts.

The community is enriched not only by the unique contribution these women make to these important programs but also by the fact that this policy enables AFDC families to participate more normally in the mainstream of life.

Now the earnings-incentive program, widely accepted by every knowedgeable expert as a necessary change in the welfare system, is going down the drain in Minnesota.

An amendment to the Social Security Act adopted by Congress last year provides an earnings—incentive program, but one that is pegged very much lower than that permitted under the antipoverty programs. It also eliminates the present incentive policy of the poverty programs.

Because the State Legislature did not pass enabling legislation, Minnesota cannot take advantage of even the incentive policy of the new amendment for a least a year.

The issue is more than just a technicality that was overlooked in the law. It is symptomatic of how confused we are in dealing with poverty.

On the one hand, everyone seems outraged at features of a welfare system that perpetuates chronic dependency. On the other hand, we have been led into a blind impasse that undercuts the one feature that could lead to a revived sense of self-reliance, a decent earnings-incentive program.

This legislative muddle illustrates the increased helplessness that poor people feel when confronted with bureaucracies.

Who will suffer? A sizable portion of the 42,000 children on AFDC grants.

What can be done? Congressman Fraser and Senator Mondale are working to try to solve this legislative snarl. But they and all Minnesota congressmen need the letters of interested citizens urging them to delay the effective date of the new Social Security Amendment on earnings incentives until July 1, 1969, so that AFDC mothers will not be penalized by having to give up the incentive program they now have under OEO.

This will give our legislature time to act to take advantage of the new federal law.

ESTHER WATTENBERG,
Project Director, New Careers Programs, Universtiy of Minnesota, Minneapolis.

STATE OF MINNESOTA, DEPARTMENT OF PUBLIC WELFARE,
St. Paul, Minn., June 6, 1968.

Re: Public Law 90–222, Public Law 90–248.

Hon. DONALD M. FRASER,
Representative in Congress,
Washington, D.C.

DEAR CONGRESSMAN FRASER: Under Congressional Amendments of 1967, the disregard of certain income of AFDC recipients will no longer be applicable after June 30, 1968. Programs affected are the Economic Opportunity Act, Manpower Development and Training Act, and the Elementary and Secondary Education Act.

An estimtaed 1700 AFDC recipients in Minnesota now participating in these programs will not have the benefit of the income exemptions after July 1, 1968. This means they will have no financial incentive to continue working since their total earnings (after employment expenses are allowed) will be deducted in determining the amount of their AFDC grant.

Public Law 90–248 does provide a new disregard of income for AFDC recipients, effective July 1, 1968, but in Minnesota we must pass enabling legislation to implement this new exemption provision. And this we cannot do until the Legislature meets in 1969. I assume that a similar situation prevails in many other states.

We will greatly appreciate anything that you can do to get the effective date of the provision referred to deferred for one year. This would make it possible for our AFDC recipients to get the exemptions they are presently receiving right up to the time we implement the new exemption provision of $30 per month plus one-third. (If Congressional action is taken on the June 30, 1968 date, it should relate both to P.L. 90–248 and P.L. 90–222.)

Sincerely yours,

MORRIS HURSH,
Commissioner.

NATIONAL ASSOCIATION OF SOCIAL WORKERS INC., SOUTHERN MINNEAPOLIS CHAPTER,
Minneapolis, Minn., June 19, 1968.

Hon. DONALD FRASER,
House of Representatives,
Washington, D.C.

DEAR MR. FRASER: Our Southern Minnesota Chapter of the National Association of Social Workers is gravely concerned over the expiration of Title VII of the OEO Act on July 1, 1968. As you know, this means that AFDC mothers currently receiving income exemptions under that Act will no longer be able to receive these exemptions.

Because our state legislature will not convene again until 1969, our AFDC mothers will not be able to take advantage of the new income exemptions provided under the Social Security Amendments of 1967, as our state does not have the necessary enabling legislation. We urge you to take whatever measures you can to defer the effective date of Title VII until July 1, 1969.

While writing on behalf of work incentives for AFDC mothers, we would like also to express our disappointment over the low amount of $30 plus one-third of the remainder as provided in the Social Security Amendments. We do not feel that this provides an adequate incentive. Our NASW nationally has recommended a monthly exemption of $85 and one-half of the remainder.

Sincerely yours,

DONALD C. WILSON,
President.

AMERICAN PUBLIC WELFARE ASSOCIATION,
July 29, 1968.

Hon. GAYLORD A. NELSON,
U.S. Senate,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR NELSON: It is our understanding that your are planning to propose an amendment to legislation pending before the Senate which would extend for another year the recently expired provisions for disregarding portions of income earned by public assistance recipients from programs under the Economic Opportunity Act, the Manpower Development and Training Act and the Elementary and Secondary Education Act.

I am pleased to inform you that the Board of Directors of the American Public Welfare Association has adopted a resolution in support of this measure. Because of the late date of enactment of the 1967 Social Security Amendments (actually, January 1968), the effective date of the termination of these provisions came quite abruptly. While a substitute provision was established, a number of states must first either enact legislation or appropriate additional funds before it can be put into effect. In the meantime, those families who are working under programs affected by these expirations are no longer allowed the exemption of part of their earnings, with the result that their net incomes are reduced and they are no better off for working than if they stayed at home and received assistance.

We are confident that most states who are thus affected will adopt the necessary remedial measures when their legislatures meet early next year. In the meantime the one-year extension of these expired provisions would enable them to continue to allow the exemptions, as they have prior to June 30, 1968.

We are appreciative of your effort in this regard and we are pleased to lend our endorsement to this measure.

Sincerely,

HAROLD HAGEN,
Washington Representative.

CHILD WELFARE LEAGUE OF AMERICA, INC.,
New York, N.Y., July 10, 1968.

Senator FRED HARRIS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARRIS: The Child Welfare League of America wishes to endorse the legislation introduced by Mr. Donald Fraser in the House—and we understand by you in the Senate—that would permit states to continue in effect the earnings test presently being applied under Title IV of the Social Security Act until such time as the states can place in effect the new earnings exemption provisions required by the Social Security Amendments of 1967.

Without such legislation, we only add one additional major discouragement to those receiving funds through the AFDC program. Failure to pass such an amendment will only result in further thousands of recipients being locked into a degrading welfare program.

Sincerely yours,

JOSEPH H. REID,
Executive Director.

THE NATIONAL ASSEMBLY FOR SOCIAL POLICY AND DEVELOPMENT, INC.,
New York, N.Y., July 11, 1968.

Hon. FRED R. HARRIS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARRIS: We are familiar with the objectives that are being proposed by Congressman Donald M. Fraser with respect to earnings exemption for AFDC recipients. We believe that an important principle is embodied in the earnings exemption which benefits the recipients, the community and the nation.

It is our hope that appropriate action will be taken to prevent cessation of the earnings exemption until new legislation can take effect in the several States.

Respectfully yours,

C. F. MCNEIL,
Executive Director.

AMENDMENT NO. 1003

Mr. COOPER (for Mr. BAKER) submitted an amendment, intended to be proposed by Mr. BAKER, to House bill 2767, amending the Internal Revenue Code of 1954 to allow a farmer an amortized deduction from gross income for assessments for depreciable property levied by soil or water conservation or drainage districts, which was ordered to lie on the table and to be printed.

AMENDMENT NO. 1004

Mr. ELLENDER (for himself, Mr. HOLLAND, Mr. SPARKMAN, and Mr. HARRIS) proposed an amendment to House bill 2767, supra, which was ordered to be printed.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, September 23, 1968, he presented to the President of the United States the enrolled bill (S. 3058) to amend the Water Resources Planning Act to revise the authorization of appropriations for administering the provisions of the act, and for other purposes.

NOTICE OF COMMITTEE HEARINGS

Mr. YARBOROUGH. Mr. President, on behalf of the chairman of the Committee on Post Office and Civil Service, Senator MIKE MONRONEY, I wish to announce that public hearings have been scheduled on various contested postmaster nominations which have been pending before the committee since the first session of this 90th Congress. The hearing will be held next Friday morning at 10 a.m., September 27, in room 6202 of the New Senate Building.

I ask unanimous consent to insert in the RECORD at this point a list of the nominations which will be considered, so those concerned will have notice.

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

NOMINEE AND POST OFFICE

Harold F. Johnson, Belvidere, Illinois.
Robert D. Yordy, Falanagan, Illinois.
David S. Miranda, Ashland, Kentucky.
Edmond J. Michel, Marksville, Louisiana.
Joseph V. Spreitzer, Allegan, Michigan.
Arthur J. Fiene, Alma, Missouri.
Roy E. Boham, Bassett, Nebraska.
Marvin R. Holz, Paxton, Nebraska.
Tadeusz Lepianka, Franklin, New Hampshire.
Jean M. Hickman, Cedarville, New Jersey.
Clair J. Nenno, Riverside, New Jersey.
Jerome P. Meyer, Corfu, New York.
Lowell R. Felder, Redwood, New York.
Francis J. Foote, Valois, New York.
Homer A. Crecelius, Bellevue, Ohio.
Herbert W. Miller, Bilgerville, Pennsylvania.
Edwin J. Caprioli, Canadenis, Pennsylvania.
Michael Megaludis, Monronville, Pennsylvania.
Bernard J. Brashears, New Oxford, Pennsylvania.

HECKLERS OF THE VICE PRESIDENT

Mr. McGEE. Mr. President, we who watched television in order to see the events in Boston last Thursday, when the Vice President was confronted with hecklers and worse, have renewed admiration for the Senator from Massachusetts [Mr. KENNEDY]. He showed no hesitation. He braved the opprobrium of the hecklers himself. And he made it certain where he stands, saying:

> There is no room for seeking solutions by shouting and screaming.

Mr. President, I ask unanimous consent that an editorial entitled "HUMPHREY and KENNEDY," published in today's Washington Post, be printed in the RECORD.

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

HUMPHREY AND KENNEDY

Toward the end of the congressional campaign of 1966, when Senator Edward Kennedy had given more speeches around the country than he could remember, he observed that he thought the best speech of the campaign had been Hubert Humphrey's impassioned plea on behalf of Senator Paul Douglas's failing candidacy. To a remarkable degree, the youngest Kennedy has always been specially responsive to his liberal forebears in the Democratic Party, and he has felt an evident sense of continuity with them. All this was apparent again the other day in Boston when Senator Kennedy went out of his way to identify himself with the Vice President's troubled campaign and to lend him much-needed help.

Thursday marked Senator Kennedy's first experience of the 1968 presidential campaign since the murder of his brother, Robert. That event in itself would have provided a reason for the Senator's declining to participate, had he wished to do so. Moreover, though the differences between him and the Vice President on Vietnam are not nearly so large as is commonly supposed, the Senator might have chosen—as others have done—to invoke them as a reason for playing a lesser role in the Humphrey campaign. On the contrary, however, he went further than some of his advisers thought prudent—either politically or in terms of his own physical safety—to associate himself with the Vice President's candidacy, insisting after the squalid heckling had occurred that he wished to change his plans and (despite understandable anxieties) to accompany the Vice President on an open motorcade through town. In view of these exertions, it hardly seems necessary to seek a better interpretation of the Senator's visible distress during the continually disrupted proceedings than that which he himself offered the rowdy crowd: "If there has been one lesson of 1968, it is that there is no room for anarchy, no room for violence. There is no room for seeking solutions by shouting and screaming."

To bend the events of Thursday into conformity with a pattern of political behavior Senator Kennedy has chosen not to follow, is not only to misread his longtime relationship with Vice President Humphrey. It is also to deny the Senator credit for what he did. At a time when others are unwilling to spend a little of their own political currency on an underdog's campaign, Senator Kennedy showed no such hesitation. As a public figure intimately involved with the protest movement of the young, he also challenged fashion and indicated that he feels some responsibility for what they think and say and do now——responsibility, in other words, to help lead the anti-war wing of his Party along a path he believes it is in their interest to follow. And finally he braved the opprobrium of the hecklers, making plain at some risk to himself that there was no confusion in his mind as to whose side he was on in the continuing confrontation between them and Vice President Humphrey.

IRS WISE TO PROPOSE REALISTIC BASIS FOR DEPLETION

Mr. PROXMIRE. Mr. President, I commend the Internal Revenue Service for proposing new, more realistic regulations governing the percentage depletion allowance. At long last someone is beginning to take steps to close the depletion tax loophole which has been abused for so long by the oil and gas industry.

According to a letter I received from the Internal Revenue Service, which I ask unanimous consent to have printed at the conclusion of my remarks, the proposed changes in the regulations could result in increased tax receipts of over $100 million a year. That is over $100 million a year that does not have to come from the pockets of overburdened ordinary taxpayers to meet our Nation's growing needs.

The new regulations would provide a more realistic base on which to figure the percentage depletion claimed by the oil and gas companies.

For example, the proposed regulations would establish actual market price as the yardstick on which to base the depletion allowance rather than the artificial selling price—the posted price—set by the major integrated companies. This means that the oil companies will no longer be able to set artificially high selling prices for crude oil when selling to their own refiners in order to get as large a depletion allowance as possible.

Another benefit might be realized from these regulations. It is said in the oil industry that "only fools, affiliates and the Agency for International Development pay the posted price for oil." By encouraging the lowering of posted prices to more nearly approximate costs, the regulations will save AID and the American taxpayer large amounts of money.

I sincerely hope that pressure from the oil and gas lobby which the Internal Revenue Service is sure to feel does not dissuade it from promulgating the new regulations. These regulations will narrow ment of the distinguished Senator from Delaware.

Mr. President, to propose such a limit, particularly without providing any substitute program for the protection of America's farm industry, would seriously disrupt America's basic farm programs, which keep America's dining tables filled with foodstuffs at moderate prices. It would lead to chaos in the farm industry. The entire program would be jeopardized. The farmers who are entitled to more than $20,000 certainly would not comply with all the rules and regulations and all the other restrictions with which they must comply now for the payments they are receiving. If they are denied this payment, they will forego the payment of 20,000, and I believe this program would be in chaos.

If this amendment is adopted, it will be followed by an amendment to restrict compliance payments in the sugar industry, and such a limitation on the sugar industry would wreak havoc in the State of Hawaii, which produces one-sixth of all the sugar produced in America. It would destroy the sugar industry in my State. It would destroy the jobs of 12,000 employees in my State, and would jeopardize the holdings of 12,500 stockholders in my State.

This, in turn, would deal a staggering blow to Hawaii's economy, which is based heavily on the sugar industry, which brings in over $200 million a year.

While the limitation would drastically slash compliance payments on sugar it would leave standing the Federal excise tax on every pound of sugar processed in the United States, another instance of rank discrimination, especially when the Federal Government has already profited to the tune of $500 million on the sugar program since it was enacted.

Mr. President, the sugar industry of Hawaii pays more than $12 million a year in sugar taxes for the production of sugar to the Federal Government and it receives in return only $11 million in compliance payments. So the Government is making $1 million a year on Hawaiian sugar because of the processing tax.

Therefore, I oppose the amendment because I think it is very unfair, it is arbitrary, discriminatory, unjust; it would lead to another amendment which would eliminate compliance payments to the sugar industry, and it would leave standing the Federal excise tax on every pound of sugar processed in the United States.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. FONG. I yield.

Mr. YOUNG of North Dakota. Mr. President, the Senator from Hawaii has made an excellent statement.

If the $20,000 limitation should become law, in the next year or the following year, the law would be applied to payments on sugar. The operators would find it impossible to work under the sugar program.

There is nothing the big sugar users would like better than high imports and no tariffs or low tariffs. We enacted programs for sugar and wool to maintain some semblance of production in the United States. Under the present sugar program we produce only 50 percent of the total U.S. requirements.

As far as my own State of North Dakota is concerned, I suppose no more than 100 big farmers receive payments of more than $20,000 a year. We are the most agricultural of all the States but I am concerned about the future of these programs. We are also in the sugar business, and if this amendment were applied to sugar, we might as well kiss the sugar industry goodby.

Mr. FONG. Mr. President, I agree heartily with the words of the distinguished Senator from North Dakota.

I know if this amendment were agreed to, it would be followed immediately by an amendment to restrict sugar compliance payments. If this amendment were offered and agreed to, it would wreak havoc on the entire sugar program of the United States.

We grow only 60 percent of our sugar in the United States and the sugar program has been enacted to protect the sugar industry which is so necessary to our economy. The sugar program has been enacted to protect the consumer so that he will have a reasonable price so far as sugar purchases are concerned. In addition, it is an instrument of foreign policy. We have many friends who depend on the sale of sugar to the United States and it is necessary that we buy the sugar from them. Otherwise they will not be able to have a stable government. Therefore, if the proposal were to be passed by Congress it would wreak tremendous havoc on the entire sugar program in our Nation.

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

Mr. FONG. I yield.

Mr. ALLOTT. Mr. President, I wish to compliment the Senator on the very fine statement he has made and particularly for that part of the statement in which he points out what the next logical step would be for the proponents of this amendment, if it were to be agreed to.

The interest of the State of the Senator from Hawaii is in cane sugar and the interest of the States of the Senator from North Dakota and myself is in beet sugar, but we know what the next step would be. They would want to strike out sugar compliance payments. At this time I do not think it is amiss to call attention to the fact that, even though there have been critics of the sugar program, per pound sugar has kept its low prices in constant dollars—not devalued dollars—better than any other commodity in the United States.

Mr. FONG. The Senator is correct. The price of sugar is 48 cents for 5 pounds. I was reading an ad of a supermarket the other day. The price is less than 12 cents a pound. In all other developed countries we know they pay as much as 13 cents, 14 cents, and 15 cents a pound.

Mr. President, it is because of the sugar program that consumers pay low prices. In comparison with other staples, sugar has advanced the least in price.

Mr. ALLOTT. It kept its stability in constant dollars.

Mr. FONG. Yes.

Mr. ALLOTT. I thank the Senator for his statement.

I know the Senator from Florida and other Senators have to attend an appropriation meeting for which they are now overdue. I hope we vote on the amendment soon.

Mr. PERCY. Mr. President, I wish to indicate my support for the amendment of the distinguished Senator from Delaware. I should also like to take this opportunity to commend my colleague in the House, Hon. PAUL FINDLEY, for his leadership in this issue in the other body. If we are ever to get decision-making in agriculture back to the marketplace and the farm and away from Federal Government bureaucracy, we must begin somewhere. This is the most equitable and fair place to start, with an amendment that will have no adverse effect on the family farm.

The PRESIDING OFFICER (Mr. McINTYRE in the chair). The question is on agreeing to the amendment of the Senator from Delaware [Mr. WILLIAMS]. On this question the yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD (when his name was called). On this vote I have a pair with the distinguished Senator from Arkansas [Mr. FULBRIGHT]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

Mr. SMATHERS (when his name was called). Mr. President, on this vote I have a pair with the distinguished Senator from Georgia [Mr. TALMADGE]. If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. BYRD of West Virginia. I announce that the Senator from Louisiana [Mr. ELLENDER], the Senator from Alaska [Mr. GRUENING], the Senator from Hawaii [Mr. INOUYE], the Senator from Missouri [Mr. LONG], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

I also announce that the Senator from Alaska [Mr. BARTLETT], the Senator from Indiana [Mr. BAYH], the Senator from Nevada [Mr. BIBLE], the Senator from Maryland [Mr. BREWSTER], the Senator from Idaho [Mr. CHURCH], the Senator from Pennsylvania [Mr. CLARK], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Tennessee [Mr. GORE], the Senator from Arizona [Mr. HAYDEN], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Washington [Mr. MAGNUSON], the Senator from Minnesota [Mr. McCARTHY], the Senator from South Dakota [Mr. McGOVERN], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Oregon [Mr. MORSE], the Senator from Maine [Mr. MUSKIE], the Senator from Wisconsin [Mr. NELSON], the Senator from Connecticut [Mr. RIBICOFF], and the Senator from Texas [Mr. YARBOROUGH] are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska [Mr. GRUENING] would vote "nay."

On this vote, the Senator from Pennsylvania [Mr. CLARK] is paired with the Senator from Louisiana [Mr. ELLENDER]. If present and voting, the Senator from Pennsylvania would vote "yea," and the Senator from Louisiana would vote "nay."

On this vote, the Senator from Maryland [Mr. BREWSTER] is paired with the Senator from Oregon [Mr. MORSE]. If present and voting, the Senator from Maryland would vote "yea," and the Senator from Oregon would vote "nay."

On this vote, the Senator from Connecticut [Mr. RIBICOFF] is paired with the Senator from Oklahoma [Mr. MONRONEY]. If present and voting, the Senator from Connecticut would vote "yea," and the Senator from Oklahoma would vote "nay."

On this vote, the Senator from Idaho [Mr. CHURCH] is paired with the Senator from South Carolina [Mr. HOLLINGS]. If present and voting, the Senator from Idaho would vote "yea," and the Senator from South Carolina would vote "nay."

Mr. KUCHEL. I announce that the Senator from Tennessee [Mr. BAKER], the Senator from Utah [Mr. BENNETT], the Senator from New Hampshire [Mr. COTTON], the Senator from Colorado [Mr. DOMINICK], the Senator from New York [Mr. JAVITS], the Senator from Iowa [Mr. MILLER], the Senator from Maine [Mrs. SMITH], and the Senator from Texas [Mr. TOWER] are necessarily absent.

The Senator from Kentucky [Mr. COOPER] is absent on official business.

If present and voting, the Senator from Colorado [Mr. DOMINICK], the Senator from Iowa [Mr. MILLER], and the Senator from Texas [Mr. TOWER] would each vote "nay."

Also, if present and voting the Senator for Maine [Mrs. SMITH] would vote "yea."

On this vote, the Senator from New York [Mr. JAVITS] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from New York would vote "yea," and the Senator from Utah would vote "nay."

The result was announced—yeas 23, nays 41, as follows:

[No. 324 Leg.]

YEAS—23

Aiken	Hartke	Percy
Boggs	Hatfield	Prouty
Byrd, W. Va.	Jackson	Proxmire
Cannon	Lausche	Scott
Case	McIntyre	Tydings
Dodd	Morton	Williams, Del.
Goodell	Pastore	Young, Ohio
Griffin	Pell	

NAYS—41

Allott	Hart	Moss
Anderson	Hickenlooper	Mundt
Brooke	Hill	Murphy
Burdick	Holland	Pearson
Byrd, Va.	Hruska	Randolph
Carlson	Jordan, N.C.	Russell
Curtis	Jordan, Idaho	Sparkman
Dirksen	Kuchel	Spong
Eastland	Long, La.	Stennis
Ervin	McClellan	Symington
Fannin	McGee	Thurmond
Fong	Metcalf	Williams, N.J.
Hansen	Mondale	Young, N. Dak.
Harris	Montoya	

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—2

Mansfield, for.
Smathers, for.

NOT VOTING—34

Baker	Fulbright	Miller
Bartlett	Gore	Monroney
Bayh	Gruening	Morse
Bennett	Hayden	Muskie
Bible	Hollings	Nelson
Brewster	Inouye	Ribicoff
Church	Javits	Smith
Clark	Kennedy	Talmadge
Cooper	Long, Mo.	Tower
Cotton	Magnuson	Yarborough
Dominick	McCarthy	
Ellender	McGovern	

So the amendment of Mr. WILLIAMS of Delaware was rejected.

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

Mr. LONG of Louisiana and Mr. ALLOTT moved to lay the motion on the table.

The motion to lay on the table was agreed to.

Mr. MONDALE. Mr. President, I should like to rise in support of the effort being made today to blunt the effect of the hasty and unwise decision made by this body in approving the amendment relating to the medicaid program.

Mr. President, this amendment seems to me to undermine the very goals which the Congress established in passing the medicare and medicaid programs in the last session. These programs established a very important principle and it was this: High quality comprehensive health services should be a right of all Americans, not the privilege alone of those with the ability to pay for them. It also established a second premise: That such health care could only be achieved by eventual abolition of the present two-class system of health care, one for the rich, another for the poor, separate and unequal.

The medicaid program was designed to help unify the system of health care in this Nation, by bringing the medically indigent—those with enough money for daily needs, but not enough to pay for health care—up to a par with those welfare recipients government financing already was helping.

States only now are beginning to be able to carry out the medicaid program. Yet now we have before us an amendment that would cripple this effort.

Mr. President, Minnesota has long led the Nation, not only in health research, but also in the field of medical care.

Ever since 1945, the State of Minnesota has offered its welfare recipients high-quality comprehensive health services. With the medicaid amendments, it has included in its programs the aged, disabled, blind, or members of families with dependent children whose incomes simply could not cover the high cost of medical care, and those needy young people under the age of 21 whose parents did not earn enough to pay for their children's medical care.

Minnesota now has a unified system of comprehensive care, fully planned and budgeted in accordance with the will of the Congress.

Today, out of the blue, Minnesotans are facing the prospect of a tremendous financial blow: $16 million less than originally had been planned to pay for such desperately needed health services.

Their options, like those of other States, are indeed disastrous to contemplate. The burden of financing could shift to the overburdened States and counties already in or on the verge of deficit financing. Or the programs themselves could be cut.

The State commissioner of welfare informs me that in Minnesota, the current formula in the Long amendment would mean that Minnesota might have to cut back as much as 23 percent—almost one-fourth—on its programs to make up the difference between the formula on which they had originally budgeted, and the new amendment formula.

Mr. President, I agree with Senator LONG's concerns about the rise in expenditure levels. But I must disagree with his assertion that States offering comprehensive health services to all categories are squandering money on the middle-income group. It is interesting to note that the medically indigent category—in Minnesota—the one Senator LONG directs his amendment to—includes persons with family incomes below the federally established poverty income. The so-called medically indigent family of four in Minnesota may have an income only up to $3,100 to have their children be eligible for Government assistance. Families living on $3,100 a year are far from what anyone would call affluent. In fact, what is causing the rise in medical care expenditures in Minnesota is that needed services are at last being made available to the very poor.

There is another thing that bothers me about Senator LONG's amendment, and that is who it would affect. Forty percent of those participating in Minnesota's medical assistance program are children and youth under the age of 21. Only 9.4 percent are in the age categories 21 to 64, while 50 percent are age 65 and over. There seems the implied assumption in Senator LONG's explanation that we are hurting the relatively affluent working-age parents. If the program in Minnesota is cut, the effect would be to hurt those who deserve it least—young children and the aged.

Mr. President, I agree with Senator LONG's concerns about the cost of health services. But I would submit that the problem of medical care costs requires not the congressional meat-ax approach, but a more sensitive kind of surgery.

As the Democratic platform states:

> What is required is new, coordinated approaches to stem the rise in medical and drug costs without lowering the quality or availability of medical care. Out-of-hospital care, comprehensive group practice arrangements, increased availability of neighborhood health centers, and the greater use of subprofessional aides can all contribute to the lowering of medical costs.

Mr. President, I agree with Senator LONG and others that the question of costs is important. Hearings have already been held on this subject recently, and more may well be needed.

I would suggest strongly that we not act in haste, for the matter is too important—not only to the States and counties, but for the thousands of people whose lives will be affected.

Mr. President, I am not prepared to say, as this amendment would have me say, that the best way for Minnesota to [illegible] its priorities in health care is to separate services. I do not feel qualified to make that judgment.

I am not prepared to say, as this amendment would have me say, that glasses for a 20-year-old, "medically indigent" that will enable him to get a job are less important than glasses for a 10-year-old categorical recipient to enable him to see in school. Yet States might have to react this way.

In sum, Mr. President, I am not prepared to say, as this amendment would have me say, that the old, the disabled, the blind, the members of families with dependent children so recently entitled to medical care they so badly need suddenly are now second-class citizens. Nor am I willing to say that suddenly States and counties must somehow field this Federal football.

Mr. President, as one of the poverty program administrators put it, "without intervention, the poor get sicker and the sick get poorer." Medicaid represents the kind of intervention that can help stop that cycle. Good health is a passport—a passport to opportunity for a better life. Healthy people can work. Healthy people can get better jobs and education. Healthy people can escape the poverty that makes them now dependent on what sometimes seems the whimsical behavior of Congress.

Mr. President, I think we must continue this kind of intervention in the name of good health. I urge us to act in that spirit today.

MEDICAID AMENDMENT WOULD UNFAIRLY PENALIZE MARYLAND BY $8.54 MILLION IN FISCAL YEAR 1969

Mr. TYDINGS. Mr. President, on September 24 the Senate adopted an amendment to the pending tax bill offered by the chairman of the Finance Committee which, if it is enacted, will have the most serious effect on the medicaid program in the State of Maryland and throughout the country. This amendment would deprive Maryland of a Federal payment amounting to an estimated $8.54 million in this fiscal year. That amount is the Federal share of a Federal-State matching plan to provide health services for the medically indigent.

The Long amendment would alter the payment formula, cutting the Federal share for Maryland from 50 percent to 25 percent for programs serving the medically indigent under title XIX of the Social Security Act.

I voted against this amendment. I support the amendment offered yesterday by Senator JAVITS to protect the medicaid program from the drastic effects of the Long amendment.

The 1965 amendments to the Social Security Act originated the medicaid program by authorizing Federal assistance to States establishing or expanding programs of medical care for the needy and the medically needy. The Federal Government shares in the cost, according to a State's own wealth, based on per capita income. In order to qualify for Federal assistance, States had to provide a minimum of five basic medical care services—hospital inpatient care, hospital outpatient care, laboratory and X-ray, physicians' services, and skilled nursing home care—at least for persons in federally assisted welfare and disability programs. They were required to continue to provide all services they were offering prior to enactment of title XIX.

Participating States were given the option of adding certain other services and expanding coverage to persons who are not welfare recipients but might be reduced to dependent status by a costly illness. These beneficiaries of the medicaid programs have been called the "medically indigent."

When the medicaid program came into existence, the State of Maryland was already providing medical care services to recipients of federally assisted welfare programs and to the medically needy. Title XIX enabled the State to add certain services for which Federal matching assistance was available, and also to raise slightly the income level for eligibility. According to the payment formula established in the 1965 amendments, the Federal share of the cost of the medicaid program in Maryland has been 50 percent. Under the Long amendment, the Federal share for services to the medically indigent would be cut exactly in half, from 50 percent to 25 percent. Furthermore, this would be retroactive to July 1, 1968, the beginning of this fiscal year.

Dr. William J. Peeples, commissioner of the Maryland Department of Health, has informed me that, translated into dollars, this amendment will reduce Federal assistance to the State of Maryland by an estimated $8.54 million for this fiscal year alone. The State does not have the money to absorb that loss. Therefore, the services to the medically indigent in our State would almost certainly have to be abandoned entirely.

Mr. President, this reduction in the program was proposed last year and wisely rejected by the conference committee. It has been heralded as an economy measure, but I maintain that to curtail a program that is helping needy people acquire the health care they need is a false economy. It is commonsense that a patient who has the benefit of preventive care is less likely to eventually become a public charge than is the patient who has neglected medical problems because he could not afford proper care. And it is both commonsense and common decency to provide health services to sufficient citizens who are not welfare cases but who might be reduced to dependency by a major accident or illness.

It is true that the cost of the medicaid program for both the participating States and the Federal Government has mounted unexpectedly high. That increase is due partly to rising costs of medical services, but it is also a result of the people's response to the availability of proper medical care. The growing number of patients who formerly would not have been able to afford proper care reveals the vast need that exists.

Even though adjournment is imminent, we must find a way to block enactment of this unwise provision. It may be that we will have to postpone further action on this bill and take it up, along with the provisions which have been amended to it, according to normal Senate procedure during the 91st Congress. States who so immeasurably benefit from will appeal to the conferees on behalf of the people of Maryland and people in all States who so immeasurably benefit from the medical assistance program, to delete the Long amendment and thereby maintain the present level of Federal sharing in the medicaid.

AMENDMENT NO. 1002

Mr. MONDALE. Mr. President, I call up my amendment (No. 1002), and ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, the reading of the amendment is dispensed with; and, without objection, it will be printed in the RECORD.

The amendment (No. 1002) is as follows:

At the appropriate place, insert the following:

"SEC. 9. (a) Notwithstanding the provisions of section 202(d) of the Social Security Amendments of 1967, any provision of law (other than the Social Security Act) requiring or having the effect of requiring the disregarding of earned income by a State in determining the income and resources of an individual claiming assistance under a State plan approved under part A of title IV of the Social Security Act shall remain in force and effect with respect to individuals who, for the month of June 1968—

"(1) claimed aid under such plan, and

"(2) received income which, by reason of any such provision, was disregarded in determining the need of such individual for purposes of his claim for aid under such plan.

"(b) Subsection (a) shall apply only in the case of States—

"(1) which, as of the date of enactment of this section, have failed to comply with the requirements of section 402(a) (7) and (8) of the Social Security Act (as amended by the Social Security Amendments of 1967),

"(2) which could not lawfully comply with such requirements without approval by the State legislature, and

"(3) in which there was commenced no regular session of the State legislature during the period commencing January 1, 1968, and ending on the date of the enactment of this section.

"(c) Subsections (a) and (b) of this section shall be effective, in the case of any State, only until whichever of the following first occurs—

"(A) July 1, 1969;

"(B) the end of the month following the month in which there is terminated, after the date of enactment of this section, a regular session of the State legislature; and

"(C) the date on which the State complies with the requirements of sections 402(a) (7) and (8) of the Social Security Act (as amended by the Social Security Amendments of 1967)."

Mr. MONDALE. Mr. President, I modify my amendment on page 1, line 8, to add the following words: following the word "effect" and before the word "with", insert "beginning with the month following the month of enactment of this section".

The PRESIDING OFFICER. Will the Senator send his modification to the desk, please?

Mr. MONDALE. Yes.

The amendment, as modified, is as follows:

At the appropriate place, insert the following:

"SEC. 9. (a) Notwithstanding the provisions of section 202(d) of the Social Security Amendments of 1967, any provision of law (other than the Social Security Act) requiring or having the effect of requiring the disregarding of earned income by a State in determining the income and resources of an individual claiming assistance under a State plan approved under part A of title IV of the Social Security Act shall remain in force and effect beginning with the month following the month of enactment of this section with respect to individuals who, for the month of June 1968—

"(1) claimed aid under such plan, and

"(2) received income which, by reason of any such provision, was disregarded in determining the need of such individual for purposes of his claim for aid under such plan.

"(b) Subsection (a) shall apply only in the case of States—

"(1) which, as of the date of enactment of this section, have failed to comply with the requirements of section 402(a) (7) and (8) of the Social Security Act (as amended by the Social Security Amendments of 1967),

"(2) which could not lawfully comply with such requirements without approval by the State legislature, and

"(3) in which there was commenced no regular session of the State legislature during the period commencing January 1, 1968, and ending on the date of the enactment of this section.

"(c) Subsections (a) and (b) of this section shall be effective, in the case of any State, only until whichever of the following first occurs—

"(A) July 1, 1969;

"(B) the end of the month following the month in which there is terminated, after the date of enactment of this section, a regular session of the State legislature; and

"(C) the date on which the State complies with the requirements of sections 402(a) (7) and (8) of the Social Security Act (as amended by the Social Security Amendments of 1967)."

Mr. MONDALE. Mr. President, this is a minor, technical amendment, to deal with a temporary problem in nine States, including my own State of Minnesota. The problem is that under the 1967 social security amendments several earnings exemption plans for AFDC recipients employed in Federal programs were terminated as of June 30 of this year. In place of these special plans, the 1967 amendments established a new general earnings exemption policy which becomes effective on July 1, 1969, next year.

In the interim period of 1 year, the amendments of the 1967 act permitted each State to proceed optionally as it saw fit.

The problem is that there were nine States whose legislatures did not meet during that interval, and thus they were unable to determine an optional plan. Thus, in Minnesota and eight other States, many AFDC recipient mothers were working for OEO, Headstart, teachers' aids under title I of the Elementary-Secondary Act, and so forth, and overnight the earnings exemptions which they were operating under, in those States, were cut off. They found they were working, in effect, for no increased pay, contrary to the policy which had existed and prior to the policy that will be in effect on a general basis starting July 1, 1969.

This amendment will not cost any money. Its purpose is to correct what was a mistaken impression that all the States could meet to adopt an optional plan.

I ask the floor manager of the bill, the chairman of the Finance Committee, if he could accept the proposed amendment.

Mr. LONG of Louisiana. Mr. President, I have not had an opportunity to discuss this amendment with other members of the committee, except briefly and momentarily. As I understand it, the amendment relates to a problem which particularly affects the State of Minnesota. It has to do with the work incentive program for public assistance recipients, and about 2,000 people could be affected. To the extent that these recipients are encouraged to work and earn money, the amendment would save in assistance costs.

So far as I know, there is no objection to the amendment. I would be perfectly willing to accept the amendment, and I would hope the House would agree to it.

Mr. MONDALE. Mr. President, I move the adoption of the amendment.

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

Mr. MONDALE. I yield.

Mr. AIKEN. Mr. President, I wish to support the amendment of the Senator from Minnesota. My reasons for doing so are much better explained in a series of letters I have received, one from John J. Wackerman, commissioner of social welfare of Vermont; one from Mr. Daniel J. Holland, executive director, Bennington-Rutland Opportunity Council, Inc., Community Action Agency for southwestern Vermont; one from Philip H. Hoff, Governor of the State of Vermont; and one from Thomas C. Davis, State director, Office of Economic Opportunity.

These letters explain my reasons and the reasons why this amendment should be adopted, because we were one of the nine States which unfortunately, according to our legislative practices, are left out of the program for the 6-month period.

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

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

STATE OF VERMONT,
DEPARTMENT OF SOCIAL WELFARE,
Montpelier, September 9, 1968.

Hon. GEORGE D. AIKEN,
U.S. Senator,
Washington, D.C.

DEAR GOVERNOR: In response to your telegram of September 6th, Vermont is affected so that it cannot implement the permissive exemption casewide until July 1, 1969, because earnings subject to exemption approximate $24,000 monthly and grants would be required to be increased by this amount. The State's share of this is roughly $7,200 per month, i.e., $86,400, which is not budgeted.

By not permitting continuation of the special exemptions, individuals only are adversely affected. The State and Federal government, insofar as finances are concerned, benefit so long as the individual continues in employment. Much of the incentive for continuing in employment is lost, however. In one instance, a woman living in a Vermont town and earning $193.05 monthly as a Community Aid under OEO, her grant from AFDC was reduced from $153.00 monthly to $46.00, the balance of the exemption attributable to work expenses still being allowed. I encl[illegible] a copy of her letter. Although it raises [illegible] with the program in some other particula[illegible] it points out vividly I think, the effect of not having the incentives in the legislation take effect simultaneously.

I trust this letter is responsive to your telegram and sheds more light on the problem.

Very sincerely yours,

JOHN J. WACKERMAN,
Commissioner.

BENNINGTON-RUTLAND OPPORTUNITY COUNCIL, INC., COMMUNITY ACTION AGENCY FOR SOUTHWESTERN VERMONT,
Bennington, Vt., September 3, 1968.

Senator GEORGE D. AIKEN,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR AIKEN: I am writing this letter on behalf of my Board of Directors in reference to the recent Amendment made in the Social Security Act of 1967. This Amendment deleted exemptions of certain earned incomes relative to Title I, Neighborhood Youth Programs, and other related O.E.O. Programs. As a result of this, the incentive to participate in these programs is greatly reduced. We have found this especially so in our Neighborhood Youth Corps (out-of-school program) which is concerned mainly with dropouts; these young people, finding that their income exemptions have been deleted thereby reducing the family assistance on the other end, have lost incentive and, in some cases, have dropped out of the program entirely.

Inasmuch as the State of Vermont's budget is on a biennial basis and cannot meet the increased cost of the program as of July 1, 1968, we are of the opinion that it is necessary that something be done on a National basis so as to afford Vermont and the peo[illegible] in these programs the opportunity to pl[illegible] for this change.

On behalf of the people that this Agency serves, we would appreciate any assistance you might be able to give to the preservation of the exemption of certain income of AFDC families until July 1, 1969. It is my understanding from Commissioner Wackerman that Vermont on that day will actually be able to implement the program in the proper way.

Sincerely,

DANIEL J. HOLLAND,
Executive Director.

STATE OF VERMONT,
Montpelier, September 9, 1968.

Hon. GEORGE D. AIKEN,
Senator From Vermont,
Senate Office Building,
Washington, D.C.

DEAR SENATOR AIKEN: In determining the income of persons on welfare who were participating, by virtue of their employment, in the Title I program under the Elementary and Secondary Education Act, the Manpower Development and Training program and Office of Economic Opportunity, Community Aid program before July 1, 1968, the Department of Social Welfare was required to exempt certain earned income. This, of course, acted as an incentive to persons on welfare to participate in these programs and gain the benefits of work experience and retraining.

The Commissioner of Social Welfare informs me that the specific exemptions referred to above were deleted by an amendment to the Social Security Act passed in 1967 which took effect July 1, 1968. In place of the specific exemption the Congress made it permissive for the states to exempt a c[illegible] tain amount of earned income in all AF[illegible] families between July 1, 1968 and July 1, 1969.

Vermont, unfortunately, as many of the states that budget on a biennial basis, could not avail itself of the option to disregard in all cases because of the increased program cost. It plans to do so July 1, 1969 and is of the opinion that to do so would be sound social policy.

In the interim, however, the incentive for some families no longer exists. The Commissioner advises me that he and several OEO-CAP directors are concerned with the effect this gap is having on motivating people to help themselves.

It is his understanding that an effort will be made in the Congress to continue the exemption provisions for the special programs until July 1, 1969 and that this subject has been discussed by Commissioner Whittemore, Chairman of the New England Commissioners, with both Senators Harris and Metcalf, who are sympathetic to this position.

I would appreciate any assistance that you may give in securing an amendment to preserve the incentives that existed prior to July 1, 1968 until they can be implemented across the board.

Very truly yours,

PHILLIP H. HOFF,
Governor.

STATE OF VERMONT,
OFFICE OF ECONOMIC OPPORTUNITY,
Montpelier, Vt., August 30, 1968.

Sen. GEORGE AIKEN,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR AIKEN: I am writing this letter in relation to the recent implementation of an Amendment made in the Social Security Act of 1967. This Amendment deleted exemptions of certain earned incomes and related OEO programs. As a result of this, the incentive to participate in these programs is removed.

Congress did make it possible, however, if a state could budget to cover this exemption, to have the program continue exempting a certain amount of income in all AFDC families from July 1, 1968 to July 1, 1969.

Unfortunately, as you know, Vermont's budget is on a biennial basis and cannot meet the increased cost of the program. After discussing the matter with Commissioner Wackerman, I am of the opinion that something, if possible, will have to be done on a national basis so as to afford Vermont and possibly other states the opportunity to plan for this change.

It has been brought to my attention that Senators Harris and Metcalf are sympathetic to the position of extending this exemption to July 1, 1969.

On behalf of the people this office serves, I would appreciate any assistance you may be able to give, in relation to the preservation of the exemption, of certain income of AFDC families until July 1, 1969 when Vermont can actually implement this program in the proper way.

Sincerely,

THOMAS C. DAVIS,
State Director, Office of Economic Opportunity.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that a statement I have prepared on the amendment be printed at this point in the RECORD.

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

MONDALE AMENDMENT

The 1967 Social Security Amendments require the States to disregard certain earnings of AFDC recipients as an incentive to work. This provision becomes mandatory on July 1, 1969, though the States are encouraged to implement the provision earlier. To encourage early State action, the 1967 Amendments also terminate similar work incentive provisions under other laws, such as the Economic Opportunity Act.

What we have now learned is that some States have had no opportunity to implement the new earnings incentive because the State legislature has not been in session since January 2 of this year, when the Social Security Amendments became law. In these States, the work incentive under other laws has ended while the new work incentive has not yet taken effect.

The amendment before us is drawn specifically to extend work incentives under the other laws only in those States whose legislatures have not met since the 1967 Amendments were signed into law. In any case, the provision expires June 30 of next year.

Only about 2,000 persons are involved. I do not believe any of us want to remove the incentive for these public assistance recipients to work. I recommend that the amendment be approved. It is an amendment that will save us money because the recipients who work will receive lower assistance payments.

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

Mr. MONDALE. I yield.

Mr. ANDERSON. The Senator stated this affects only the State of Minnesota.

Mr. MONDALE. No.

Mr. ANDERSON. That statement was made. It is not correct.

Mr. MONDALE. Nine States are affected. Those are the States whose legislatures did not meet, under their rules. Therefore, they could not adopt their own optional plans. If the Senator wishes to know the names of the States——

Mr. ANDERSON. No. I strongly support the amendment. It was stated that it affected only Minnesota.

Mr. MONDALE. It affects nine States.

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

Mr. MONDALE. I yield.

Mr. CURTIS. Will the Senator inform us which States are affected?

Mr. MONDALE. Minnesota, Mississippi, Missouri, Nebraska, South Carolina, Utah, Vermont, Washington, and Wisconsin.

Mr. CURTIS. Will the Senator state again what his measure proposes to do?

Mr. MONDALE. It simply permits those nine States, for the interval between 1 month from now and July 1, 1969, to proceed on the basis of earning exemptions ongoing in those States until the general earning exemption takes over on July 1, 1969.

Mr. CURTIS. With respect to what aspect of the Social Security Act?

Mr. MONDALE. It refers to the earning exemption under AFDC.

Mr. CURTIS. The AFDC?

Mr. MONDALE. That is correct.

The PRESIDING OFFICER. The question is on the adoption of the amendment of the Senator from Minnesota.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

AMENDMENT NO. 1007

Mr. WILLIAMS of Delaware. Mr. President, I call up my amendment No. 1007.

The PRESIDING OFFICER. The amendment of the Senator from Delaware will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment (No. 1007) is as follows:

At the appropriate place insert a new section as follows:

"SEC. —. REMOVAL OF INTEREST LIMITATIONS ON GOVERNMENT BONDS

(a) The first sentence of the second paragraph of the first section of the Second Liberty Bond Act (31 U.S.C. 752) is amended by striking out "not exceeding four and one-quarter per centum per annum,".

(b) The second sentence of section 22(b) (1) of such Act (31 U.S.C. 757c) is amended to read as follows: "Such bonds and certificates may be sold at such price or prices, bear such interest rate or afford such investment yield or both, and be redeemed before maturity upon such terms and conditions as the Secretary of the Treasury may prescribe."

(c) The second sentence of section 22A (b)(1) of such Act (31 U.S.C. 757c-2) is amended to read as follows: "Such bonds shall be sold at such price or prices, afford such investment yield, and be redeemable before maturity upon such terms and conditions as the Secretary of the Treasury may prescribe."

(d) Section 25 of such Act (31 U.S.C. 757c-1) is repealed.

Mr. WILLIAMS of Delaware. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. WILLIAMS of Delaware. Mr. President, I shall not delay the Senate long on this amendment.

Under the present law we have a situation where the Federal Government cannot sell a Government bond with a maturity of more than 7 years and pay more than 4.25 percent interest. We all know that with prevailing interest rates that ceiling is a farce and that neither the Government nor anyone else can borrow money at 4.25 percent interest, under conditions today.

The result is that the Government is following one of two procedures: Either financing all of the debt in short-term money, with short-term loans of less than 7 years, which is, in effect, monetizing the debt; or selling bonds through various agencies—for example, FNMA or some of the other agencies—which are not restricted from paying a higher rate of interest on a longer term.

So under the present situation we have this ridiculous situation: If a man has $5,000 at one time to invest today, he can buy Fannie May the participation certificate, with 12 or 15 years' maturity, we will say, and obtain around 6.5 percent interest, and that bond is guaranteed 100 percent by the Federal Government, both as to principal and interest. It is just as sound as any Government bond, series E or any other. But you have to have $5,000; that is the lowest denomination that was sold the last time.

If you have only $1,000 to invest at one time you can buy a straight Government bond with 20- to 30-year maturity, which bears a coupon of 4.25 percent or less and you can get around 5.75

percent, or you can buy a 6-percent Government note but you have got to have $1,000 at one time to buy these because that is the lowest denomination sold. However, if you do not have $1,000 and are buying E bonds, such as the $25 bond on the payroll deduction plan, they come under this legal ceiling, and the Government can only pay 4.25 percent. The result is that the only money the Government is borrowing at the 4.25-percent rate is from the working people or small savers, who are least able to afford it.

Today interest rates are the highest they have been in 100 years, but the only people who cannot participate in the benefit, if one may call it a benefit to receive these high interest rates, are the small investors.

Heretofore under the savings bond plan the savings bonds have paid an interest rate higher than was available under other types of Government bonds. That was in order to encourage the small investor to buy the series E bonds. As a result the small investors were drawing from 0.25 to 0.5 percent more in interests. Then in order to keep that privilege from being abused a ceiling was provided as to the number of E bonds any one individual could buy during the calendar year.

Today we see the situation completely reversed to where now the man who is buying E bonds on the payroll savings deduction plan is penalized because they pay the lowest rate of interest, only 4.25 percent. On a bond for which he pays $75 he can get $100 at maturity; but their maturity is beyond the 7-year period, and therefore they come under the 4.25-percent ceiling. It ends up that small investors are the only ones limited as to the amount of interest they can receive.

I do not think that is fair. I do not think it is fair from the standpoint of the small investor, but beyond that, it certainly does not make sense for the Federal Government to have on the statute books a law saying, "We will not pay over x amount of interest on a bond beyond a maturity date of 7 years."

Money is a commodity, and interest is the price of that commodity whether interest rates are high or low. When the Government, like any other institution, goes into the money market to borrow money it pays the prevailing rates of interest, or the investor puts his money elsewhere. The Federal Government today is having to compete with private industry and thus having to pay these higher rates.

This amendment has nothing to do with whether you favor high interest rates or low interest rates. The high interest rates are an accomplished fact. They are a fact of life. AAA bonds today yield about 6.5 percent, with the result that the Government, which can finance at slightly less than that, is still having to pay nearly 6.5 percent. I think the removal of this fictitious ceiling on long-term interest rates is long overdue, and I hope the Senate will unanimously agree to this amendment. I have discussed it with the Treasury Department, and they agree that the so-called ceiling is a farce. It does not control the amount of interest we are paying; it merely forces all Government borrowing into short-term notes.

I am not suggesting that the Government should, at today's prevailing interest rates, refinance the national debt on a long-term basis. I think it would be a mistake for the Government to lock itself in at today's high rates unless it sold the bonds in a manner where the bonds would have a short and reasonable call period. Then if interest rates were to get lower, as we all hope they will, the debt could be refinanced and the Government could take advantage of the decreased rates. But that is something the Government could protect itself on as it sells the bonds.

I hope this amendment will be overwhelmingly agreed to by the Senate.

Mr. LONG of Louisiana. Mr. President, at a time when interest rates are going down, thank the merciful Lord, it would seem inappropriate to me for us to be lifting the ceiling on the interest the Government can pay.

I do not think anyone can contend that this amendment would save the Government any money. I assume the Senator's amendment does not apply to Government bonds already outstanding.

Mr. WILLIAMS of Delaware. No, it does not. It simply removes the ceiling.

I am not proposing this as a matter of saving money. I do not think the Senator from Louisiana means to argue here that the Government is saving money by taking advantage of the working man who is buying E bonds. If it wishes to save some money why does not the Government try to borrow some 4.25-percent money from larger investors?

Interest rates are the highest they have ever been. Why penalize the small investor?

Mr. LONG of Louisiana. Mr. President, let me say that if this amendment were agreed to, it would be distinctly unfair and inequitable to the great number of people, who bought bonds in the past, bought them for themselves, their children, and others, and just left them there to draw whatever interest the Government might provide for this kind of bonds.

This amendment discriminates against those who bought bonds in the past which are still outstanding if they continue to hold these bonds. Of course, if they just come in, cash the bonds, and buy new bonds at higher interest rates, it would increase the cost and still discriminate against anyone who left his money with the Government, with no intention of drawing it down.

It is a bad situation either way. If these people keep their old bonds, this amendment will discriminate against them. If they do come in and cash their old bonds, it will cost the Government a great deal of money.

Therefore, Mr. President, the amendment would either create a great inequity, on the one hand, or would greatly increase the cost of Government, on the other.

Furthermore, we have some competitive factors that have not been taken into account. Nowadays the banks, and savings and loans are our best helpers in selling the Government bonds and in providing funds for housing. When the Government proceeds to raise the interest rates on Government bonds, to step up competition against the banks, and savings and loans, which are seeking the same funds for savings accounts, there is bound to be controversy and resentment on the part of the banks and also less funds available for housing.

Mr. President, I for one would hope we could bring interest rates down. I am very much in favor of bringing interest rates down. In my judgment, the interest rates under this administration, under the Kennedy administration, and under the Eisenhower administration have been altogether too high. In general, high interest rates amount to a hidden tax on the public, which for the most part is passed on the middle and lower income people who are the bulk of the consumers in this country. On a public and private debt of $1.2 trillion, an interest rate which is 2 points higher than it need be amounts to a tax of $34 billion, which tends to be passed on from the manufacturer to the consumer.

This is one of the few indications we have left of our displeasure with high interest rates, and to remove it, in my judgment, would be nothing more than a vote to go along with the high interest rate policy, which I oppose, no matter whether it is there because of the policies of a Democratic president or a Republican president, or whether the high rates exist because of the war in Vietnam, or for other reasons. It seems to me that this is a poor time to raise interest rates and remove all restraints that exist, when we have, at long last, seen something of a downturn in interest rate patterns.

I personally hope the amendment will be rejected.

Mr. WILLIAMS of Delaware. Mr. President, I shall comment just briefly. The Senator from Louisiana very properly and correctly points out that the banks may not approve of this. That is true. The banks would much prefer that the small depositors put their money in the banks, and the banks would then get a higher interest rate when they lend it to the Government.

If the interest rates are to be considered a hidden tax for the benefit of the money lenders—and he said it; I did not—then it is a shocking indictment when we realize that this hidden tax has developed under the present administration. Interest rates have gone to fantastically high points under the present administration. There is no question about that.

I notice that the World Bank, the International Bank for Reconstruction and Redevelopment, a couple of weeks ago sold a bond with a due date of October 21, 1994.

They will pay 6⅜ percent and are priced at $99.25. In addition, they guarantee that these bonds will not be called for 13 years, so that even if the interest rates go down to 4 or 5 percent within the next 5 or 10 years they will still pay this 6⅜ percent for 13 years before the bonds will be called.