the Senate in concurring in the House amendments to S. 2665 on July 25 be vitiated.

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

Mr. McCLURE. Mr. President, I move to concur in the House amendments with an amendment which is at the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read the amendment, as follows:

On page 2, line 4, strike out "(b) No rule", and insert "(b) No provision of any law in effect on the date of enactment of this Act, and no rule, . . ."

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Idaho.

The motion was agreed to.

Later in the day the following proceedings were had on this matter.

Mr. HUMPHREY. There are those of us here that are very much concerned over action taken earlier today on S. 2665, which is the legislation relating to the International Development Agency, and there was a motion made to amend that legislation.

I would like to ask unanimous consent that the papers on S. 2665 be held pending further disposition by the Senate.

Mr. JAVITS. Mr. President, I took an active part in the proceedings by which this bill was passed last Thursday. We took the House bill, though we were violently against some parts of it, expressly because this matter had to be settled and concluded.

Now we find a new amendment has been suddenly added.

We went back to the House, which requires new vote on the part of the House, and we have not had a chance to pass on it here.

There may be some explanation which we do not understand now at all, but the unanimous-consent request, it seems to me, will hold the matter in a position so there should be no prejudice either to Senator McCLURE or to anyone else.

I do believe something has gone wrong here, and this would give us the opportunity to see that it is properly handled.

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

The Chair hears none and it is so ordered.

IMPEACHMENT TRIAL PRECEDENTS

Mr. CANNON. Mr. President, yesterday the Senate unanimously approved Senate Resolution 370, introduced by the distinguished majority leader on behalf of the joint leadership, which charges the Committee on Rules and Administration with the task of reviewing any and all existing rules and precedents that apply to impeachment trials, with a view to recommending any revisions which may be required if the Senate is called on to conduct such a trial.

The committee is instructed to report back no later than September 1, 1974 or on such earlier date as the majority or minority leader may designate.

Mr. President, I invite all Senators to study the existing rules on impeachment trials as set forth in the 1973 edition of the Senate Manual, beginning with section 100 on page 135, and I hope any Senator having changes to suggest or recommendations will communicate them to the Rules Committee at the earliest possible time.

Mr. JAVITS. Mr. President, will the Senator yield for a question?

Mr. MANSFIELD. When does the Rules Committee intend to start hearings on this resolution?

Mr. CANNON. Mr. President, the Rules Committee has a meeting scheduled for tomorrow. We will discuss this matter and, I presume, at that time it will be referred to the appropriate subcommittee of the Rules Committee, the Rules Subcommittee, and I would hope they would start action on this matter tomorrow afternoon.

Mr. JAVITS. Mr. President, will the Senator yield for a question?

Mr. CANNON. Yes.

Mr. JAVITS. Will the Rules Committee hear witnesses?

Mr. CANNON. I do not anticipate that the Rules Committee will hear witnesses. However, if some of the Senators advise us that they desire to present witnesses, we will consider that at that time.

Mr. JAVITS. I meant Senators themselves; will the Rules Committee hear a Senator who asks recognition with respect to the rules?

Mr. CANNON. There would be no question but what we would be happy to hear from Senators themselves.

Mr. JAVITS. All right.

Mr. MANSFIELD. If the Senator will yield, this is purely a Senate procedural matter.

Mr. CANNON. The Senator is correct. It is a Senate procedural matter.

Mr. MANSFIELD. Therefore, it would be advisable that only Senators appear as witnesses regarding their own rules.

Mr. CANNON. That is all I had reference to.

Mr. JAVITS. I am inclined to agree with the majority leader, and that is what I had in mind when I asked the question.

Mr. CANNON. I thank the Senator for yielding.

SCHOOL FARE SUBSIDY FOR SCHOOLCHILDREN WITHIN THE DISTRICT OF COLUMBIA

Mr. EAGLETON. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3477.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3477) to amend the Act of August 9, 1955, relating to school fare subsidy for transportation of schoolchildren within the District of Columbia, which was to:

Strike out all after the enacting clause, and insert: That section 2 of the Act entitled "An Act to provide for the regulation of fares for the transportation of schoolchildren in the District of Columbia", approved August 9, 1955 (D.C. Code, sec. 44-214a), as amended by an Act approved October 18, 1968, and by an Act approved August 11, 1971, is further amended by deleting "1974" and substituting "1977".

SEC. 2. Notwithstanding any other provision of law, or any rule of law, nothing in this Act (including the amendment made by this Act) shall be construed as limiting the authority of the Council of the District of Columbia to enact any act or resolution, after January 2, 1975, pursuant to the District of Columbia Self-Government and Reorganization Act with respect to any matter covered by this Act.

Mr. EAGLETON. Mr. President, I move the Senate concur in the amendment of the House of Representatives to S. 3477.

The motion was agreed to.

EXPORT ADMINISTRATION ACT AMENDMENTS OF 1974

The Senate continued with the consideration of the bill (S. 3792) to amend and extend the Export Administration Act of 1969.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized and he is entitled to be heard. Senators are asked to take their conversations to the cloakroom. The Senate cannot proceed until it is in order.

Mr. PROXMIRE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The second assistant legislative clerk read as follows:

Insert the following new title at the end thereof:

"TITLE II—REGULATION OF HOLDING COMPANY OBLIGATIONS

"SEC. 201. (a) Section 19(a) of the Federal Reserve Act (12 U.S.C. 461(a)) is amended by inserting after the word 'means' the following: 'and, regardless of the use of the proceeds'.

"(b) The sixth sentence of Section 18(g) of the Federal Deposit Insurance Act is amended by striking 'for the purpose of obtaining funds to be used in the banking business'.

"(c) Section 5B of the Federal Home Loan Bank Act (12 U.S.C. 1425b) is amended as follows:

"(1) by adding at the end of subsection (a) thereof the following new sentences: 'The provisions of this subsection shall apply, in the discretion of the Board, to an obligation issued by an affiliate of an institution which is an insured institution as defined in section 401(a) of the National Housing Act (12 U.S.C. 1724(a)) or is a member or nonmember building and loan, savings and loan, or homestead association, or cooperative bank, or member savings bank other than a savings bank insured under the Federal Deposit Insurance Act. The Board is authorized to define by regulation the terms used in this section.';

"(2) by striking 'institution subject to this section' in subsection (b) thereof and inserting 'person or organization'; and

"(3) by striking 'nonmember institution' and 'institution' in subsection (c) thereof and inserting 'person or organization' in both places."

Amend the title clause of the bill to read: "A bill to amend and extend the Export Administration Act of 1969, and for other purposes."

Mr. PROXMIRE. Mr. President, this amendment would clarify the authority

of the Federal Reserve Board to regulate notes issued by bank holding companies. The need for this clarifying amendment is prompted by the recent issuance of $650 million in notes issued by Citicorp, the parent holding company of the First National City Bank of New York. The rate of interest on these notes is set initially at 9.7 percent through June 1, 1976. The notes may be purchased in minimum denominations of $5,000. In effect, these notes are equivalent to a 2-year certificate of deposit issued by a commercial bank.

The PRESIDING OFFICER. The Senator will suspend. The Senate is not in order, and the Chair solicits the cooperation of Senators, and staff members, in particular, will take their conversations to the cloakroom. The Senator is entitled to be heard and the Chair will insist that he be heard.

The Senator from Wisconsin may proceed.

Mr. PROXMIRE. Under regulation Q, the rate of interest on 2-year bank certificates of deposit cannot exceed 6 percent. Thus by issuing the notes through the holding company rather than directly, the First National City Bank has discovered a method for subverting the entire purpose of regulation Q.

Mr. President, if this precedent is left unchallenged the housing industry will suffer a devastating blow. Housing is in a depression. Starts are down by over 500,000 units or by 25 percent. Not only has the small homebuilder who built 10, 50, 100, or 500 units going broke, the giants of the industry, Kaufman and Broad, Levitt & Sons, and the Larwin group, among others, are in serious financial straits.

Then pity the homebuyer. More than 70 percent of American families are now priced out of the new home market. And the fundamental and ovewhelming reasons for this are both the actions and inactions of the Government.

Interest rates are sky high. That has priced almost everyone out of the market.

Mr. PROXMIRE. And this will really put the final nail in the coffin in the view of the homebuilding industry itself and the savings and loan institutions.

But there is more to it than that.

First, the Federal Reserve Board refuses to do anything about the terrible consequences on housing of its policies. Tight money means a housing crunch. The Federal Reserve knows that. But they rigidly refuse to act to relieve the fact that housing takes the overwhelming burden of the tight money policy.

Second, HUD has acted in an irresponsible way during this period. Since January 1973 every major traditional housing program has been under moratorium. There has been only a trickle of housing. In the 1969–70 crunch, the fact that HUD was building subsidized housing prevented a route. Now they have helped bring it about piling mortarium on top of high-interest rates and credit crunches. There is nothing they could do which is quite so stupid and quite so wrong as they have done.

In addition, they were very, very late in proposing any alternative program and the level of mismanagement at the Department has been the basic cause for the demise of some of their best programs.

Congress, too, has been inept. We have refused to hold HUD's feet to the fire. Our ability to force them to build subsidized housing was lost when we caved in to them on the FHA extension. The House has buckled under to the President's irresponsible threat of a veto of a broadly based housing program. And the cities and States are so anxious to get their community development and revenue-sharing money they are prepared to throw housing overboard.

And the President in saying he would veto a good housing bill also shares in the irresponsibility.

What we need is housing—conventional housing, public housing, homeownership programs, leased housing, and rehabilitated housing. We need them all.

What we need in this time of high-interest rates is some intelligent policy on the part of the Federal Reserve to ease the effects of tight money on housing. Chairman Burns refuses to think about that and ignores the problem almost entirely.

This is a crisis and we need action. I call upon the President, HUD, Congress, and the Federal Reserve to act and to act now before the housing depression brings on a general depression.

The magnitude of this issue is seen clearly in an article from the business section of last Sunday's New York Times entitled "This Housing Slump Cripples Even the Giants," by Robert A. Wright. I ask unanimous consent that it be printed in full at this point in the RECORD.

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

[From the New York Times, July 28, 1974]

THIS HOUSING SLUMP CRIPPLES EVEN THE GIANTS

(By Robert A. Wright)

LOS ANGELES.—A money crunch, home builders have learned, always hits their industry first. So the present home-building slump came as no surprise—except for one thing.

"The difference this time is a crisis in consumer confidence," says Eugene S. Rosenfeld. As president of Kaufman & Broad, Inc., the nation's most profitable publicly held home-building concern, he has closely examined what is generally conceded to be a depression in the housing industry.

"In the past money crunches there would be a temporary impact," Mr. Rosenfeld explained. "Now there is so much uncertainty on the part of consumers about big-ticket purchases that they are putting them off—at the same time that we have rapidly rising prices."

Every money crunch since the end of World War II has seriously affected the nation's home builders. Their fragmented industry ranges from one-man construction firms to giant national companies like Kaufman & Broad (pronounced to rhyme with "slowed"). It is involved across-the-board in land acquisition, architecture, construction, sales and finance.

This housing downturn is the worst anyone remembers. It has even hurt Kaufman & Broad, along with just about every other home builder in the nation.

In previous hard times for housing—notably during the 1969–70 recession—K. & B. was able to weather the storm, showing gains when most builders were reporting losses. Some people say it was because of magnificent management; others say it was because of magnified accounting. (Mr. Rosenfeld insists that no one has proved substantive accounting case against the company.)

Whatever the case, Kaufman & Broad is reeling from the present slump. Last month the company reported that earnings in its second fiscal quarter, ended May 31, plunged to $294,000, or 1 cent a share, from the year-earlier $5.4-million, or 32 cents a share.

Although sales edged up to $64.2-million, profit margins suffered because climbing interest rates discouraged home buying, forcing the company to carry unsold inventory. Also K. & B. was unable, in a soft market, to pass on increased costs to consumers.

A turnaround in housing that Mr. Rosenfeld foresaw in March, when a decline in interest rates appeared to be in the offing, is not likely to come until next year, he said recently.

If the wunderkind of homebuilding profitability is doing so poorly, how is the rest of the industry faring?

"Terrible," is the answer from Nathaniel Rogg, executive vice president of the National Association of Home Builders.

"This is far and away the worst since the Depression days," says Mr. Rogg, an economist who has been closely involved with the housing industry since arriving in Washington in 1934. "There is no light at the end of this tunnel—not given the current thrust of the Government's economic policy: tight money."

The squeeze on builders' profits began about a year ago when money-market rates began to rise along with the cost of building materials. Then the energy crisis and supply shortages disrupted the economies of the Western world, including housing operations. The gasoline scarcity also kept cars of prospective home hunters in their garages.

Last year saw several major home builders go into the red, including the huge ITT Levitt & Sons division of the International Telephone and Telegraph Corporation and the Los Angeles-based Larwin Group, Inc., a subsidiary of the CNA Financial Corporation.

I.T.T. is negotiating with William J. Levitt in an effort to sell back to him the Long Island-based building enterprise it acquired five years ago. And the top management of the Larwin Group, which reported a $3.1-million loss for this year's first quarter, has been almost entirely replaced in recent weeks.

The once high-flying United States Financial Corporation of San Diego, was forced into bankruptcy last year after it ran into accounting disagreements with the Securities and Exchange Commission. A number of apartment-house builders also went the bankruptcy route.

The pattern for this housing downturn is more or less typical of those in the postwar period. Inflation pumps up not only the price of goods but also the cost of money. Industry, seeking to expand with demand and perhaps to build inventories against further price increases, puts pressure on capital markets. Interest rates soar.

With rising rates in the short-term money market, funds are drained from the institutions that traditioally finance construction and mortgage loans—the mutual savings banks and the savings and loan associations. These lenders—limited by Government regulation as to the rates of interest they can offer savers—lose deposits to more attractive short-term money market investments. The cost of what mortgage money is available rises.

Commodity and labor inflation raises the price of houses (about 1 per cent a month in the last year), higher mortgage rates add to

the monthly payments and more families find they do not meet the financial qualifications to obtain a loan at any price.

Alan G. Bortel, Western director of research for the James Capel & Co. division of Winmill Securities, Inc., estimates that, for each one-point rise in mortgage rates, 250,000 of California's seven million families are dealt out of the housing markets. At the same time it costs builders dearly to carry completed but unsold housing.

This housing cycle involves an inflationary spiral of unprecedented severity, one that appears to be beyond the ability of economists to resolve. It certainly has yet to yield to the patented remedies.

Among these remedies, wage and price controls have been tried, tampered with, trampled on and abandoned. Restraining the money supply to dampen demand by making money tight, or expensive, is now being pursued. The other traditional remedies, a balanced Federal budget and a tax increase, cannot be tried now—there is not enough time in the case of the budget, and there is too much political apprehension in the case of taxes.

"I'm all forefforts to control inflation," says Mr. Rogg of the National Association of Home Builders. "You can hardly argue against motherhood. But you can argue that this inflation is not responsive to the classic remedies. This inflation is geo-political, caused 55 percent by the energy crisis and 30 per cent by food. How in hell can tight money help that?"

Notink that business loans rose 30 per cent in the first six months of this year (or 14.3 per cent, taking inflation into account), Mr. Rogg contends that inflation affects housing in a special way and that the housing sector therefore needs special help within the over-all economy. One problem is that, while money is available it is at a price too dear for long-term mortgage borrowers.

Few economists deny that there is tremendous pent-up demand for housing. People between 30 and 40 years old are the ones who form the most families and would like to buy the most homes. Swollen by the baby boom that followed World War II, this segment of the nation's population is expanding by five million people during this decade.

Housing economists have been saying for years that this demand will take an average of 2.5 million housing starts a year to satisfy. This is a rate reached only infrequently by an industry that expects well below 2 million starts this year. And some estimates of the 1974 total are as low as 1.5 million units.

Given all that, Mr. Rosenfeld of Kaufman & Broad is quick to say that he is "not depressed." He commented: "We're just not having a good year. I'm embarrassed and unhappy—not depressed. We'll have a good year next year, and we're working twice as hard to achieve that."

He declared: "We're still a very strong company. Our management is still intact. We have the largest net worth [$178-million] in the industry. We've got $30-million of unused bank credit. We've got pre-arranged mortgage financing to last us through the year."

The company Mr. Rosenfeld is talking about was founded 17 years ago in a rather casual way. Eli Broad, chairman, had become, at age 20, the youngest man ever to pass Michigan's C.P.A. examination. He started a private accounting practice in office space provided by Donald Kaufman, a young Detroit home builder. In January, 1957, the two men pooled $25,000 to form the Kaufman & Broad Building Company. They did well from the beginning, and Mr. Broad never turned back.

The company went public, moved its headquarters to Los Angeles in the booming southern California housing market and began to expand. Today Kaufman & Broad calls itself the "nation's largest multinational housing producer." It has 14 permanent divisions producing single-family housing in suburban areas around 58 cities in the United States, Canada, France and West Germany.

Another division is producing high-rise condominiums in New Jersey, and still another sells pre-cut houses nationally to individuals who own lots.

Kaufman & Broad Asset Management, Inc., managers for investors 7,205 tax shelter units in 55 states. The Sun Life Insurance Company of America, acquired in November, 1971, writes life, accident and health insurance policies and annuities and has been providing an increasingly larger share of company revenues and income. In the fiscal year ended last Nov. 30, Sun Life accounted for 16.6 per cent of total unconsolidated revenues of $317,041,000 and 29.8 per cent of gross income totaling $7,340,000.

Mr. Rosenfeld, like Mr. Broad a certified public accountant, estimates that Sun Life will provide 65 to 75 per cent of this year's pre-tax earnings.

The tousle-headed Mr. Rosenfeld, now 40 years old, joined the company in 1963 as controller of the Southern California division. By January, 1969, he had worked his way up to president.

Mr. Broad, also 40 years old, turned over the title of chief executive officer to Mr. Rosenfeld last January and, as chairman, devotes his working time to planning and overseeing Sun Life.

Mr. Kaufman has not been active in the company management for about five years, but he remains vice chairman of the board. Neither Mr. Broad nor Mr. Kaufman own a controlling interest in the company.

Mr. Rosenfeld's strategy now is one of working to tighten financial controls and increase profit margins. The company sold some of its mobile-home operations last year and is arranging to sell the rest. In the last fiscal quarter it sold its Leisure Industries vacation-home subsidiary. The deal reduced earnings by $2.8-million.

Criticism of the company's accounting methods (as well as those of other housing companies) still continues from some quarters but is dismissed by Mr. Rosenfeld as "nothing substantive."

"I'll stand by our accounting every time," he said. "First of all, we were a high flying stock, and a lot of this was just the kind of jibes one can expect in that situation. And then there was a lot of easy hindsight, where it was said, 'You see, they didn't make money on this and they had it on their balance sheet.'"

Kaufman & Broad is no high flyer these days. Its stock is trading below $4 a share on the New York Stock Exchange, where it once floated in the mid-50's. And Mr. Rosenfeld is tightening up financial control as part of his internal plan.

It is a matter of company growth that requires the new controls, said Mr. Rosenfeld.

"When we were smaller, we had a good feeling for what everybody was doing," he said. "I could tell whether they were making money, not by looking at the books but by seeing them in the field. Now it is more difficult front-line decisions."

The keystone of the new controls is a requirement that has division controllers reporting directly to the corporate controller at headquarters instead of reporting through division presidents, as was done previously.

"The reason for this is that we want purity of numbers," Mr. Rosenfeld said. "It's not a question of cheating—it's a question of shading. I don't want our division presidents to be accountants. I want them to be operating guys."

Mr. Rosenfeld said that management, not outside economic factors, has to take the blame for some of K. & B.'s problems. Asked for an example of how management goofed, Mr. Rosenfeld replied: "Too much inventory. We were looking to higher volume when we purchased most of this land in 1973."

The company is continuing to sell unneeded land, particularly in the Middle West, and some of it is being sold at a loss. But Mr. Rosenfeld said the company had not been forced into canceling or abandoning any projects.

Kaufman & Broad's operating policy is not to build on speculation but on orders filled from models. However, Mr. Rosenfeld acknowledged that, because of cancellations, the company has a total of some 175 completed unsold homes in several tracts on Long Island and another in New Jersey.

"We're selling them off about three or four a week now, and we're not lowering prices to do it," he said.

A retrenchment at Kaufman & Broad is not a case of "being desperate to get liquid, as one reporter wrote recently," said Mr. Rosenfeld. It is a matter of being well-positioned for what he sees as "a strong recovery year in 1975."

Some observers of the housing industry see its slump as a longer-term problem than Mr. Rosenfeld indicates it is.

It is difficult to generalize about the industry because much depends on local markets and because the industry is fragmented. Kaufman & Broad, for example, is among the biggest in the field but builds less than 1 per cent of all the housing in the United States. Most builders are small, privately held companies.

The National Association of Home Builders has 75,532 members, and many builders are not among them. But the association's Mr. Rogg is not alone in the belief that the housing industry needs special help.

Mr. Rogg declared: "We have not yet felt the full brunt of the situation. If the Administration continues its tight-money stance, the housing industry will need some mandatory allocation of credit, such as bank reserves against real estate or a direct credit control."

Otherwise, Mr. Rogg predicted, "the housing aspirations of Americans will have to be sacrificed for some time to come."

As the squeeze has intensified, there is increasing talk in the industry about extending mortgage terms to 40 or 50 years to lower monthly payments and to bring more families into the constantly inflating market.

There is renewed talk about variable interest-rate mortgages that would move up and down with the money market. But lenders are reluctant to offer such an instrument with rates so high, and experiments indicate that buyers dislike the idea when rates are low. And there is talk of additional subsidized Government aid.

But few observers expect much action on these fronts. Even if some help should come, few expect it to have much impact soon in the housing market.

Mr. Bortel of Winmill's James Capel division comments: "I don't know what kind of phoenix will rise from the ashes of the housing industry. Right now the silver-lining department is hard to find."

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the statement of Mr. Thomas R. Bomar, Chairman of the Federal Home Loan Bank Board be printed in the RECORD at this point.

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

STATEMENT OF THOMAS R. BOMAR ON H.R. 15869 BEFORE THE COMMITTEE ON BANKING AND CURRENCY

Mr. Chairman and Members of the Committee: I appreciate the opportunity on behalf of the Federal Home Loan Bank Board

to present its views on a bill "To amend the Bank Holding Company Act of 1956 to provide for the regulation of the issuance and sale of debt obligations by bank holding companies and their subsidiaries." While the effect of the bill is extremely broad, its apparent genesis and aim is to deal with proposed issuances of floating rate, low denomination, redeemable notes by bank holding companies to the general public.

The Board believes that the bill as introduced is broader than necessary to accomplish its intended purpose. The bill is too sweeping in that it would grant authority to regulate the use of the proceeds of these issuances, any term of these issuances, and the advertising, promotion and underwriting techniques to be employed in their issuance, distribution and sale. The Board also considers it inappropriate for this agency to become involved in such great detail with the regulation of commercial banks since the Congress by statute has given that responsibility to other financial regulatory agencies.

If the Committee intends to stop bank holding companies from issuing obligations that compete directly with savings accounts, it would appear that there are two alternative procedures which would be preferable. First, the Committee might declare by letter of its Chairman or by formal resolution of the House that the existing provisions of Section 19 of the Federal Reserve Act contain sufficient authority to subject bank holding company issuances to rate control limitations without regard to the use of proceeds. Second, the Committee might adopt a more limited statutory amendment, specifically directed to the type of issuances currently proposed by bank holding companies. Such an amendment could be limited to parent bank holding company debt obligations having an effective maturity of less than seven years and provide for their definition as deposits of the subsidiary bank.

Whichever way the Committee chooses to handle this immediate bank holding company problem, I am sure it is recognized that such a solution will deal only with a small percentage of the potential issuers of such obligations. There are many potential issuers in the market other than bank holding companies such as public utilities and industrial and manufacturing corporations. The assets of these corporations dwarf the assets of bank holding companies.

We understand these borrowings will be used in large part to replace or supplement existing commercial paper borrowings. If we measure potential issues in terms of the relative size of the commercial paper market, bank holding companies have approximately $7 billion in commercial paper or only about 15% of a market that reaches over $45 billion.

This development, rather than being isolated, is one in a series of events over recent years which cause serious threats to the thrift industry. Bank holding company borrowings of this type have some merits. For savers, they present an alternative investment. For bank holding companies, there would also appear to be benefits. However, the thrift industry is largely unable to compete with borrowings of this type. The issuance of a large volume of such obligations will further threaten thrift institutions and contribute to an even greater decline in the home building industry. These developments widen the gap between the public's housing needs and its availability.

Let me turn your attention to the basic problem. Thrift institutions are unable to compete due to statutory constraints which limit their investments almost exclusively to home loans. They have done their job well and provided sufficient funds to help make Americans the best housed people in the world.

The magnitude of their success in doing the job that needed to be done is proportionate to these problems. Low rate long-term home mortgages originated in the past will remain in the portfolios of thrift institutions for many years. There mortgages produce the major portion of savings and loan income. Thus, it is clear that during periods such as we are now experiencing, savings and loans have inadequate capacity to produce sufficient income to compete. For example, the initial rate on a proposed bank holding offering was announced at 9.7%. The average current yield on S&L long term mortgage portfolios is only 7.3%. Thus, S&L's are at a severe competitive disadvantage.

The Board is providing support for housing at record levels, and we are grateful that we have this capacity. However, no support mechanism can make up for major fundamental inadequacies in our free market system.

Inflation is the primary cause of our problem. The very existence of a thrift industry and an adequate supply of reasonably priced mortgages are inconsistent with the rate of inflation existing today in our country. This is especially true when undue reliance is placed upon monetary policy to correct the problem as is now the case. Reducing the rate of inflation must be our number one domestic priority, and I submit that we have the ability to do it.

We know that getting the rate of inflation to acceptable levels is likely to take a period of years. Even when inflation is under control, we will still have variations in interest rates. In order to overcome the type of difficulty we are now experiencing and to produce a lasting solution, we need to expand the capacities of thrift institutions. S&Ls must have the ability to adjust their income much more rapidly and to balance the structure of their assets and liabilities. Specifically, the Board recommends that thrift institutions be allowed consumer loan powers, unsecured construction loans to builders, greater capacity to invest in debt securities, checking accounts, family trust powers and other powers needed to accomplish this objective.

Although such new investment powers would reduce the thrift industry's percentage investment in housing, its capacity to attract more savings deposits would be increased and, though the percentage investment may be smaller, the actual dollar investment in housing may well be larger.

This would be a good beginning. However, there is also a critical need for responsible variable rate mortgages and for access to long-term funds supported by mortgages. In this connection, the Board needs authority to permit Federal savings and loans flexibility with respect to State usury laws. National banks currently are not limited solely to rates permitted by such laws.

Greater consumer powers, variable rate mortgages, and longer term funds to support long-term mortgages will give savings and loans the capacity they need to remain committed to housing while competing in a free market.

Changing the S&Ls industry's financial structure will take several years due to the over $200 billion of long-term low rate mortgages which it currently holds. It is important that we begin as soon as possible. We are long overdue.

In order to continue to provide affordable housing funds during this adjustment period, the S&L industry will need various forms of assistance. We have used saving rate differentials and tax-preferences. Both have a limited and rapidly declining value. It would appear these support measures though their value is lessened must be continued for the value they have for a while longer. In addition, we need to implement additional temporary support measures to supplement our proven method of Board support. This may involve the use of appropriated funds.

In summary, the Board believes the Committee can stop bank holding companies from issuing securities which directly compete with savings accounts more simply than is proposed. Yet, bank holding companies are only a small part of the potential issuers of these securities.

The primary problem is inflation. It is essential that we get this problem solved.

In order to deal effectively with the lack of S&L competitive capacity, it is important that we authorize additional operating capabilities. In the interim, we should be prepared to assist the thrift industry's commitment to housing with appropriated funds until thrift institutions have time to make full use of new powers and are able to compete effectively in a free market.

Time has not permitted us to obtain the advice of the Office of Management and Budget as to the relationship of this testimony to the Administration's program.

Mr. PROXMIRE. Billions of dollars in deposits can be siphoned away from thrift institutions and into large bank holding companies. Since thrift institutions—savings and loan associations and mutual savings banks—supply the bulk of mortgage credit, the average home buyer will find it almost impossible to obtain a home loan if bank holding companies are free to circumvent regulation Q.

Unless the authority of the Federal Reserve Board to regulate bank holding company borrowing is clarified, other large bank holding companies will follow suit. Several bank holding companies have already announced they plan to issue holding company notes similar to the Citicorp notes. Financial experts say this type of borrowing could approach $10 billion.

At a time when mortgage interest rates have reached their highest level since the Civil War, and at a time when the homebuilding industry is taking a nosedive, we can ill afford another crippling blow to the achievement of our national housing goals. My amendment would make it clear that the Federal Reserve Board does, indeed, have the authority, under 1969 legislation, to regulate the rate of interest on holding company borrowing regardless of the intended use of the proceeds. I should point out that my amendment provides the Board with discretionary authority to regulate holding company notes.

It does not mandate it. It gives the Federal Reserve Board the authority if it wishes to do so, when it thinks it is necessary to act. The Board would have the flexibility to judge the particular circumstances to decide whether regulation were necessary.

Mr. President, I recognize that a legitimate argument can be made that the small saver is entitled to a fair rate of return on his savings. There is no doubt that limitations on the rates of interest payable on savings deposits has worked an inequity on small savers. Nonetheless, Congress has made the judgment that regulation Q is necessary to preserve the stability of thrift institutions and the supply of mortgage credit until longer term reforms can be enacted. As long as we have regulation Q on the books,

I believe it should apply equally to all financial institutions and to all forms of borrowing, whether directly or indirectly through holding company affiliates. If we want to repeal regulation Q then let us do it directly. However, if we feel that regulation Q still serves a purpose, then let us not permit its selective dismantlement by large bank holding companies.

Mr. President, I ask unanimous consent to add Senator MAGNUSON as a cosponsor.

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

Mr. PROXMIRE. Mr. President, I will be glad to yield to the senior Senator from New Hampshire (Mr. McINTYRE).

Mr. McINTYRE. I must rise and object to this amendment being offered by the Senator from Wisconsin on the Export Administration Act. The issue that he is raising by his amendment is one that has already been subjected to hearings before the Subcommittee on Financial Institutions, of which I am chairman. I recognize the strong feelings that my able colleague from Wisconsin has, but I think that the sense of urgency has disappeared from the scene right now.

The Citicorp issue of $650 million is already, as one might say, out of the barn. The Chase offering of $200 million will also not be redeemable until June of 1976. The Crocker Bank and the Mellon Bank, with the lesser issues, are underway.

I would assure my colleague on the Committee on Banking, Housing and Urban Affairs that I shall recommend—I have already had conversations with our chairman—that at our meeting on August 8, that his amendment be considered as a matter of issue, or a question to be decided in executive session with all of the members of the committee there.

Mr. PROXMIRE. I appreciate that. I would like to point out, however, that this is a matter of the greatest urgency. The Senator has just made my point for me. The fact is that it is not just Citicorp. There is a whole series of other banks ruching to get in the gate. I think it is most important that we act very promptly.

As I say, this is not something that will mandate action by the Federal Reserve. It will merely allow them to pierce the corporate veil, recognizing that the holding company is nothing but an agency to do what the bank could not do under regulations. Simply to give the Federal Reserve Board that kind of authority, it seems to me, is the very least we can do to protect an industry that really has its back against the wall.

As I pointed out, the big companies are in trouble and the small companies are dying like flies.

Mr. McINTYRE. Will the Senator yield to me further?

Mr. PROXMIRE. Yes, I yield.

Mr. McINTYRE. I just say that the issue is not quite as simple as my good friend from Wisconsin makes it out to be. This is an innovative type of security that begins to give a break to the small investor. But I would assure the Senator from Wisconsin that if he will withdraw, recede on this amendment, on August 8, we will have a full opportunity in the executive session to discuss it thoroughly. It may very well be that I shall side with the Senator from Wisconsin in his position which he so well and so ably argues.

Mr. PROXMIRE. I thank the Senator from New Hampshire very much. I shall accede to his request. Before I do, I yield to the Senator from Ohio.

Mr. TAFT. I thank the Senator from Wisconsin for yielding.

I wish to ask a few questions about this amendment. It does seem to me to be a rather dangerous approach. I have had numerous communications from savings institutions in my own State in this regard, indicating that they expect a further outflow, and there already has been a tremendous outflow from savings and loan institutions which have had capital available in the past for homebuilding and similar types of endeavor.

I have also heard that there has been anticipated a possible issue of this type by a mutual savings bank, I think in the State of New York, by using this same device. The Senator said it is going to be wholly discretionary with the Federal Reserve. Unfortunately, the attitudes I have had indicated to me offhand from the Treasury Department, and perhaps also reflected in the Federal Reserve, seem to indicate that they do regard this type of issue, as the Senator from New Hampshire said, as an interesting, innovative new device. It may be, but I think it is a pretty dangerous one. Congress should address Federal interest rate ceilings and related laws comprehensively in the near future, but until this type of issue to contribute to an even deeper housing depression.

I am not sure that the decision should be left wholly up to the discretion of the Federal Reserve whether or not, under certain circumstances, they are going to apply this regulation. They do not really have the responsibility for the problem with which I am concerned and with which the Senator's amendment is concerned, which is the availability of capital for housing construction purposes. That is not really their primary concern.

Mr. PROXMIRE. May I say to the Senator from Ohio, I just could not agree with him more, and I would like to make this resolution much stronger. Unfortunately, I am not sure we can even get this resolution adopted. When the Federal Reserve Governor, Governor Holland, who apparently has been given some discretion in this area, appeared before the committee, he indicated that he thought it was premature to offer this resolution even before the Congress, let alone to have the Federal Reserve act on it. I would like to do something much more forceful. I would like to prevent this kind of action by Citicorp and other corporations—as the Senator said, it might not be confined to banks—from absolutely draining funds out of the housing industry so that we have even a worse depression than we have now. But I think we have to take the practical kind of action. If the Senator knows of a way in which we can have a stronger measure, I shall be delighted to bring that up at the markup session of the Committee on Banking, Housing, and Urban Affairs on August 8, or to press it through more quickly if we can do it.

Mr. TAFT. I thank the Senator for his comments. I think it is extremely important that we do act quickly, because I would just point out that millions of dollars are being underwritten right now. Contracts with Citicorp and Chase have already been written, and one issue has gone to the public, as I understand it. Once that is done, I believe under the Constitution there is a right of contract with which one cannot interfere.

Mr. PROXMIRE. We cannot touch Citicorp now, we cannot touch Chase Manhattan, we cannot touch Crocker and others. All we can do is try to prevent an enormous spread, resulting in as much as $10 billion, going into this means of raising money:

Mr. TAFT. I appreciate the Senator's comments, and I certainly agree that this calls for early action.

Mr. PROXMIRE. I thank the Senator from Ohio.

Mr. President, I withdraw my amendment, with the understanding that the Senator from New Hampshire has given me, that we will have an opportunity to consider it at the markup that the Senate Committee on Banking, Housing, and Urban Affairs will engage in on August 8.

Mr. JACKSON. Mr. President.

The PRESIDING OFFICER. The Senator from Washington.

Mr. JACKSON. I call up my amendment, which is at the desk. That is the amendment relating to review by the FEA.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. JACKSON. 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 the amendment will be printed in the RECORD.

The amendment is as follows:

On page 4, after line 8, of the bill, insert the following new subsection:

"(d) Section 5(a) of the Act is further amended by the following at the end thereof:

"In addition, the Secretary of Commerce shall consult with the FEA to determine whether monitoring under section 4 of the Act is warranted with respect to exports of facilities, machinery or equipment normally and principally used, or intended to be used, in the production, conversion or transportation of fuels and energy (except nuclear energy), including but not limited to, drilling rigs, platforms and equipment; petroleum refineries, natural gas processing, liquefication and gasification plants; facilities for production of synthetic natural gas or synthetic crude oil; oil and gas pipelines, pumping stations and association equipment; and vessels for transporting oil, gas, coal and other fuels."

Mr. JACKSON. Mr. President, this amendment is self-explanatory. The pending amendment would simply require the Secretary of Commerce to consult with the Federal Energy Administration in order to determine whether the monitoring under section 4 of the act is warranted with respect to the export of facilities, machinery, or equipment nor-

mally or principally used or intended to be used in the production, conversion, or transportation of fuels and energy.

Let me point out that the reason for this amendment is very simple. We have been reading in the newspapers about the export of drilling equipment, drilling rigs, and supporting equipment to countries that in the past, at least, have cut off oil to the United States.

It seems to me, Mr. President, that at a minimum there should be a proper consultation before any of that equipment is exported.

The great tragedy in the energy field is that since last year, production in the United States is declining in oil. One of the basic reasons, as I argued when we had a bill on the floor of the Senate in connection with the Emergency Energy Act, is the lack of drilling equipment and drilling rigs.

I think it is absolutely wrong for the United States to be permitting the export of drilling rigs and equipment when we are in short supply here. If we can better marshal our own resources in this area, abviously we can speed up our production, help our economy, help the international balance-of-payments problem, and all ramifications involved in being dependent upon countries outside the United States for sources of our energy.

Mr. PACKWOOD. Will the Senator yield?

Mr. JACKSON. I yield.

Mr. PACKWOOD. As I understand the Senator's amendment, it simply adds specifically to the bill what the Secretary of Commerce generically has to do now, but directs him to consult with the Federal Energy Administration in these areas; is that correct?

Mr. JACKSON. That is correct.

Mr. PACKWOOD. I ask unanimous consent that the Senator from Texas (Mr. TOWER) and I be added as cosponsors of the amendment.

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

The Senator from Illinois.

Mr. STEVENSON. Mr. President, I believe the Senator from Washington should be commended for calling our attention to the serious shortage of drilling equipment, and for proposing this amendment and improving the bill by requiring consultation between the Secretary of Commerce and the FEA with respect to monitoring.

I might point out that other provisions of the bill in section 5 require consultation between the Secretary of Commerce and other appropriate agencies of the Government with respect to the actual imposition of exports controls. This amendment would assure consultation on monitoring. With the other provisions of section 5 with respect to consultation on the actual imposition of export controls, I believe we can be reasonably assured that there will be a close relationship and a high degree of cooperation between the Secretary of Commerce and the FEA.

Section 5 refers to other appropriate agencies. I bring this up because I think we should make part of our legislative history the intention of the Senate to require consultation between the Secretary of Commerce and specifically the FEA on questions having to do with the imposition of controls in order to help eliminate shortages of critical equipment for the energy industry.

Mr. President, I support this amendment. The Senator from Oregon supports the amendment.

Mr. JACKSON. Mr. President, may I just say that I want to commend the able Senator from Illinois for his leadership in this area. We have been working together on a number of amendments for some time. He has been extremely helpful.

I am most grateful, too, for the assistance of ranking minority member of the committee, the distinguished Senator from Oregon, for his support and assistance in connection with the proposed amendment and efforts to provide some rationality here, some checks by the Congress on matters that do bear directly on our own domestic well-being, as well as the other areas of national security.

Mr. DOLE. Mr. President, will the Senator from Washington yield?

Mr. JACKSON. I yield.

Mr. DOLE. Mr. President, if the Senator will permit me, I ask unanimous consent to have my name added as a cosponsor of his amendment.

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

Mr. DOLE. I should like to point out that when we started considering energy legislation last October, one of the first things called to our attention was what appeared to be the expanded exports of oilfield machinery, equipment, supplies, and pipe of all kinds. This issue is even more significant now in the State of Kansas and other States because we have a large number of independent oilmen who cannot purchase adequate supplies of equipment.

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the unfinished business.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the 1 hour for debate be delayed 2 additional minutes.

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

Mr. DOLE. Mr. President, the consultation between the Department of Commerce and FEA should be helpful.

The Senator from Kansas offered an amendment to one of the energy bills last year which would have prohibited the export of any such materials. It was adopted in the Senate and is still in the Senate-House conference committee. This approach by the Senator from Washington would be a step toward the end my amendment would accomplish. My amendment would make more oilfield equipment available to the expansion of oil production in this country.

Hopefully, the bill my amendment is attached to will be reported out of the conference committee and this amendment of the distinguished Senator from Washington is good support for the need for my provision.

Mr. JACKSON. I thank the Senator from Kansas.

I appreciate the obvious unanimous support on the floor of the Senate. I thank the manager of the bill and the ranking minority member.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington.

The amendment was agreed to.

Mr. JACKSON. Mr. President, I wonder whether we have time to call up the unprinted amendment which is at the desk, involving police equipment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. JACKSON. 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 is as follows:

Section 4 of the Export Administration Act of 1969, as amended, is further amended by adding at the end thereof a new subsection 4(j) as follows:

On page 13, after line 13, insert a new section as follows:

"(j) (1) The Secretary of Commerce, after consulting with the Secretary of the Treasury, the Attorney General, and the Secretary of State, shall establish regulations for the licensing of exports of all police, law enforcement, or security equipment manufactured for use in surveillance, eavesdropping, crowd control, interrogations, or penal retribution.

"(2) Any license proposed to be issued under this subsection shall be reviewed by the Attorney General and shall be submitted to the Congress. The Congress shall have a period of sixty calendar days of continuous session of both Houses after the date on which the license is transmitted to the Congress to disapprove the issuance of a license by the adoption in either House of a resolution disapproving the proposed license.

"(3) The Secretary of Commerce, with the concurrence of the Secretary of the Treasury, the Attorney General, and the Secretary of State, may by regulation exempt individual countries and specific categories of police, law enforcement, or security equipment from the congressional review and disapproval authority set forth in paragraph (2) if he finds and determines export of the equipment would not threaten fundamental human and civil liberties."

Mr. PACKWOOD. Mr. President, reserving the right to object, has the amendment been called up or not?

Mr. JACKSON. I just called it up.

Mr. PACKWOOD. I say to the distinguished Senator that I will object to its consideration. I understand that we are going onto another item of business, anyway. I want an opportunity to look over the amendment, especially paragraphs 2 and 3, before we consider it. I understand that we will be back on this matter later.

Mr. JACKSON. I just want to make it the pending amendment.

THE PROPOSED ENERGY TRANSPORTATION ACT OF 1974

Mr. COTTON. Mr. President, presently pending on the Senate calendar of business, Order No. 991, is a bill, H.R. 8193, the proposed Energy Transportation Act of 1974, which would require increasing

spending under control, and we must begin to make hard distinctions between essential expenditures and nonessential wasteful expenditures. It is because I believe this bill fails to do so that I have voted both against the bill when it was considered by the Senate against approval of this even more expensive conference report.

The PRESIDING OFFICER (Mr. HATHAWAY). Under the previous order, the vote will now occur on the question of agreeing to the conference report on H.R. 14592. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. FULBRIGHT) is necessarily absent.

I further announce that the Senator from Minnesota (Mr. HUMPHREY) is absent on official business.

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

Mr. GRIFFIN. I announce that the Senator from Kentucky (Mr. COOK), and the Senator from Hawaii (Mr. FONG), are necessarily absent.

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

The result was announced—yeas 88, nays 8, as follows:

[No. 333 Leg.]

YEAS—88

Aiken	Fannin	Moss
Allen	Goldwater	Muskie
Baker	Gravel	Nelson
Bartlett	Griffin	Nunn
Bayh	Gurney	Packwood
Beall	Hansen	Pastore
Bellmon	Hart	Pearson
Bennett	Hartke	Percy
Bentsen	Haskell	Proxmire
Bible	Hathaway	Randolph
Brock	Helms	Ribicoff
Brooke	Hollings	Roth
Buckley	Hruska	Schweiker
Burdick	Huddleston	Scott, Hugh
Byrd, Harry F., Jr.	Inouye	Scott, William L.
Byrd, Robert C.	Jackson	Sparkman
Cannon	Javits	Stafford
Case	Johnston	Stennis
Chiles	Kennedy	Stevens
Church	Long	Stevenson
Cotton	Magnuson	Symington
Cranston	Mathias	Taft
Curtis	McClellan	Talmadge
Dole	McClure	Thurmond
Domenici	McGee	Tower
Dominick	McGovern	Tunney
Eagleton	McIntyre	Weicker
Eastland	Metcalf	Williams
Ervin	Mondale	Young
	Montoya	

NAYS—8

Abourezk	Hatfield	Metzenbaum
Biden	Hughes	Pell
Clark	Mansfield	

NOT VOTING—4

Cook	Fulbright	Humphrey
Fong		

So the conference report was agreed to.

Mr. STENNIS. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. THURMOND. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STENNIS. Mr. President, with this conference report, the Senate of course concludes its final work on the procurement bill for this year.

Like all complicated legislation, it would not have been possible to consider and complete the intensive work on these complicated subjects without the excellent assistance of the armed services staff, whose knowledge and experience are always valuable.

The Senate knows we have a relatively small staff of about 12 to 15 professional persons to handle our entire legislative load.

I wish to commend our entire staff which is headed by T. Edward Braswell, Jr., chief counsel and staff director. I want each staff member to be aware of the contribution he has made.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nomination of Rear Adm. Edwin K. Snyder, who is leaving the country this evening for a foreign assignment. The nomination was reported earlier today.

The PRESIDING OFFICER. The nomination will be stated.

U.S. NAVY

The legislative clerk read the nomination of Rear Adm. Edwin K. Snyder, U.S. Navy, for commands and other duties of great importance and responsibility commensurate with the grade of vice admiral within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of vice admiral while so serving.

Mr. STENNIS was recognized.

Mr. STENNIS. Mr. President, I shall just take 1 minute.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. STENNIS. Mr. President, Admiral Snyder has been outstanding as our legislative liaison officer for a couple of years. He is being promoted now and is leaving tonight for Taiwan, where he has an important assignment. I think it would be well, since there is a unanimous report, if we could confirm this nomination today. I ask that the nomination be confirmed.

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

Mr. STENNIS. Yes, I yield.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, Admiral Snyder is one of the ablest naval officers with whom I have come in contact. He has rendered a very fine service here as Chief of Navy Liaison. I think that most of the Senators know him. I would hope that he could be confirmed right away so that he can proceed with his new duties.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified.

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

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

UNITED NATIONS WORLD FOOD CONFERENCE

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, appoints the following Senators to attend the United Nations World Food Conference, to be held in Rome, Italy, November 5–16, 1974: the Senator from Ohio (Mr. METZENBAUM), the Senator from Kansas (Mr. PEARSON), the Senator from Oregon (Mr. HATFIELD), and the Senator from North Carolina (Mr. HELMS).

ORDER OF BUSINESS

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

The PRESIDING OFFICER. Under the previous order, the unfinished business, S. 707, will be laid before the Senate.

Mr. MANSFIELD. I ask unanimous consent that it continue to be laid aside temporarily.

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

EXPORT ADMINISTRATION ACT AMENDMENTS OF 1974

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of S. 3792, a bill to amend and extend the Export Administration Act of 1969; that it be laid before the Senate and made the pending business; that it remain the pending business until the hour of 3 o'clock, at which time, debate on the cloture motion will get underway. At 4:15, the vote on cloture will occur. If the vote on cloture fails, then I ask, on the same status as of now, that the Senate then return to S. 3792, the Export Administration Act.

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

The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 3792) to amend and extend the Export Administration Act of 1969.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. BAYH. Will the Senator from Illinois yield for 1 minute for a unanimous-consent request?

Mr. STEVENSON. I yield.

Mr. BAYH. Mr. President, I ask unanimous consent that Mr. Howard Paster and Ms. Barbara Dixon of my staff be accorded the privilege of the Senate floor during this debate. I have two amendments.

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

Mr. ROBERT C. BYRD. Mr. President,

will the Senator yield for a unanimous-consent request?

Mr. STEVENSON. I yield to the distinguished Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Washington (Mr. JACKSON), I ask unanimous consent that the following staff members of the Senate Committee on Interior and Insular Affairs and the Permanent Investigations Committee be given the privilege of the floor during the debate, but not the vote, the debate on the pending measure: Mr. Richard Casad, Mr. Richard Perle, Mr. William Van Ness, and Mr. Arlon Tussing.

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

Mr. STEVENSON. Mr. President, I ask unanimous consent that the following staff members of the Committee on Banking, Housing and Urban Affairs be permitted the privilege of the floor during the consideration of this measure and the votes on it: Mr. Howard Beasley, Bill Weber, Stanley Marcus, Mr. Ed Kemp, Mr. Tony Cluff, Mr. Reginold Barnes, Mr. Ken McLain; and also two members of my staff, Chuck Levy and Anne Henshaw.

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

Mr. STEVENSON. Mr. President, S. 3792 is the product of a comprehensive reexamination of the Nation's export control policy. It makes extensive changes in existing law, and will greatly improve the Nation's capacity to respond to rapidly changing international economic conditions.

Over the past year and a half, international economic conditions have changed radically. A year and a half ago most of the major nations of the world were enjoying a simultaneous economic boom.

Today, many are on the verge of an economic bust. Inflation runs rampant—and threatens economic and social stability. Commodity shortages are pervasive—and impose crippling constraints on economic growth. Economic power is exercised for political purposes,—and in the case of oil, with serious disruption throughout the world, for rich and poor nations alike. Massive balance of payments deficits threaten to undermine the international financial system.

In these changed conditions, the international trading system is under serious strain. The tendency to withdraw is becoming more acute and the temptation to control exports is becoming more pronounced. Some countries restrict exports in order to maximize their grain from control over scarce resources. Others impose controls in order to protect themselves from the depletion of vital materials—or for national security purposes. Still others impose controls to restrain domestic inflation. And yet all—ironically—seek greater access to each other's supplies in order to sustain and enhance economic growth.

Woven throughout the debate on export administration are vigorously competing considerations. We are rightly concerned about protecting our own economy against excessive drains of scarce materials—food, fuel, fertilizer, ferrous scrap, and others. The American consumer suffers—especially the poor—when exhausted supplies of wheat and other grains drive prices to record levels. And the suffering extends to the hungry throughout the world when America's capacity to supply food is depleted by massive and unrestricted purchases by a handful of foreign buyers. When basic raw materials are unavailable, American industry is disrupted—and people are thrown out of work. And disrupted American industry cannot long supply manufactured products for the rest of the world.

Yet in seeking to maintain the strength of the American economy, we cannot simply close our doors. Exports are an important part of American economic vitality—increasingly so because of inflated energy costs and resulting balance-of-payments deficits. Moreover, the United States plays a vital role in international trade—and the example we set has wide ramifications throughout the world. If restrictions on access to supplies are to be broken down, the United States must take the lead. The alternative is a fragmented and cartelized international economy—with each nation pursuing the fleeting goal of total economic self-sufficiency. Down that road lies isolation and disastrous consequences for all.

The bill now before the Senate will help reconcile these competing considerations. It provides more flexible authority for dealing with short supply situations. It provides an early warning system for identifying those situations before they materialize. It requires the Government to analyze domestic and international economic conditions as shortages appear—and provides a prod for effective action to rectify those shortages before they become a crushing burden. And it provides for greater disclosure of information to the public and the Congress so that we can better analyze the effectiveness of governmental policy and, if necessary, devise alternatives.

The bill provides greater flexibility in the implementation of export controls by authorizing a new system of export fees and license auctions. The bill streamlines the procedures applicable to exports of high technology items in order to eliminate unnecessary delays. The bill provides improved interagency review and congressional oversight with respect to exports to Communist countries. And it provides a mechanism for hardship relief for those on whom export controls impose unfair burdens. Finally, the bill gives explicit recognition to the importance of international cooperation to secure access to supplies favor of international rules and institutions to achieve that goal.

The report which accompanies the bill describes each of these provisions in detail.

I will only summarize them briefly.

SHORT SUPPLY POLICY

Section 2 of the bill would amend section 3(2)(A) of the act by striking the word "abnormal." Section 3(2)(A) sets forth congressional policy on the use of export controls in situations of short domestic supply. As amended, it would read as follows:

> It is the policy of the United States to use export controls (A) to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of (abnormal) foreign demand . . .

In the past, one of the impediments to effective use of export controls has been the need to show that the foreign demand which produced an excessive drain of scarce materials and serious inflation was "abnormal." However, determination of an appropriate reference point for assessing whether foreign demand is normal or abnormal is impossible to do with any degree of certainty since trade patterns fluctuate. Moreover, in some situations, an excessive drain of scarce materials and serious inflation can result even if foreign demand levels have not changed significantly. This could occur where total supply declines for whatever reason. In that circumstance, even if foreign demand is at preexisting levels, there can be an excessive drain of scarce materials and serious inflation.

Under the change proposed by the committee, it will no longer be necessary for foreign demand to be abnormal before export controls may be imposed. Instead, controls may be used when foreign demand results or will result in both an excessive drain of scarce materials and serious inflation. This will greatly improve the administration's ability to take effective action when conditions of short supply develop.

MONITORING

Section 3 would amend sections 4, 5, and 10 of the act to require the Secretary of Commerce to monitor exports under specified conditions, to publish reports on such monitoring, to prepare analyses of the economic impact of shortages and increased prices for materials subject to monitoring, and to require other departments and agencies of the Federal Government to cooperate in rendering necessary advice and information.

Under this provision, the Secretary of Commerce would be required to monitor exports and contracts for exports of all materials not subject to the reporting requirements of section 812 of the Agricultural Act of 1970. Monitoring must occur when the volume of exports in relation to domestic supply contributes, or may contribute, to an increase in domestic prices or a domestic shortage and such price increase or shortage has, or may have, a serious adverse impact on the economy.

This new provision would further require that, to the extent practicable, information obtained through monitoring be aggregated and set forth in weekly reports. Such reports must describe actual and anticipated exports of the monitored material, the destination by country, and domestic and worldwide price, supply and demand.

In addition, the quarterly report for the first quarter of 1975 and semiannually thereafter must include summaries of the information contained in the weekly reports. Such quarterly reports

must also contain first, the Secretary's analysis of the impact on the economy and world trade of shortages or increased prices for materials subject to monitoring under this act or under the Agricultural Act of 1970; second, the probable duration of such shortages or increased prices, third, the worldwide supply of such materials, and fourth, actions taken by other countries in response to such shortages or increased prices.

INTERNATIONAL COOPERATION TO SECURE ACCESS TO SUPPLIES

Section 4 of the bill would amend the findings and policy provisions of the act in order to deal with the growing problem of politically and economically motivated restrictions on access to supplies. The purpose of this section is to recognize the dangers and to establish U.S. policy firmly in opposition to unreasonable restrictions on access to supplies and firmly in favor of international cooperation to combat such restrictions.

Section 4(a) would add to the act a congressional finding that unreasonable restrictions on access to supplies can cause political and economic instability, interfere with free international trade, and retard economic growth and development.

Section 4(b) would amend section 3(3)(A) of the act to make it clear that it is U.S. policy to cooperate with all nations—not only with those with which it has defense commitments—and assuring reasonable access to world supplies.

Section 4(c) would amend section 3(5) of the act to provide that it is U.S. policy to foster international rules and institutions to assure reasonable access to world supplies by all nations.

HIGH TECHNOLOGY EXPORTS

Section 5 would amend sections 4 and 5 of the act in order to reduce delays in the processing of license applications for materials subject to national security export controls and to improve the functioning of the technical advisory committees.

Section 5(a) adds a new subsection (g) to section 4 of the act to require that applications for licenses to export goods and technology subject to national security controls under the act be approved or disapproved within 90 days after submission of the application. If additional time for decision is required, the applicant must be informed of the reasons for the delay. The applicant must also be given an estimate of when a decision will be made.

In addition, section 5 would require the Department of Defense and the State Department to be members of the technical advisory committees; it would require the Secretary of Commerce to disclose to the committees the reasons for controls which have been imposed or which are contemplated; and it would require the Secretary of Commerce to report to the Congress within a year on the steps he has taken to expedite the processing of license applications.

OPPORTUNITY TO COMMENT ON LICENSING

Section 6 would amend subsection 5(b) of the act by adding a new paragraph which requires the Secretary of Commerce to give interested parties an opportunity to comment when export controls are imposed for short supply purposes. The provision requires the Secretary to publish his invitation to comment in the Federal Register and gives interested parties 15 days to submit written comments. The purpose is to give the Secretary, in the least cumbersome way possible, all relevant information on the impact of any export controls which he may have imposed and their method of implementation.

HARDSHIP RELIEF

Section 8 would add a new section 4A which provides a procedure by which certain persons adversely affected by export controls may petition the Secretary of Commerce for exemption from controls. The intent is to provide an opportunity for relief under prescribed circumstances for persons who have historically exported materials made subject to export controls. The provision codifies existing hardship procedures under Department of Commerce regulations.

Those eligible for relief would consist of any person engaged in a domestic business which utilizes products obtained from abroad but which are made from U.S. materials made subject to export controls as well as all other persons who have historically exported materials subject to the controls.

Within 30 days after receiving the petition, the Secretary of Commerce is required to notify the petitioner in writing of his decision, together with a statement of reasons.

Among the factors the Secretary of Commerce is expected to take into account in making his decision are the following: First, the adverse affect of the controls on domestic employment, second, the probability of insolvency of the petitioner due to the controls, third, the fact that the controls may interfere with the import of a product essential to the domestic business of the petitioner or some other party or may unduly disrupt a domestic business. fourth, the burden or adverse effect of the controls on a domestic business which manufactures in the United States a product which includes a critical component produced outside the United States from a commodity subject to controls.

INTERAGENCY REVIEW

Section 9 would add a new subsection 4(h)(1) section 4 of the act to establish review procedures for exports of goods and technology to "controlled countries"—defined to mean Communist countries as specified in section 620(f) of the Foreign Assistance Act, except for Yugoslavia, Romania, and Poland. This section is a modification of an amendment to the military procurement authorization bill adopted by the Senate on June 11, 1974. The purpose is to insure that the Department of Defense has an adequate opportunity to consider the military and national security implications of exports to Communist countries and that the Congress has a voice in the decision in the event of White House and Department of Defense disagreement.

In substance it provides that the Secretary of Defense must be notified of all requests for licenses for exports to controlled countries. No license may be issued until 30 days after the Secretary of Defense has been notified and the time for Presidential and congressional review, if applicable, has been exhausted. If the Secretary determines that the export would significantly improve the military capability of the recipient country, he must recommend to the President that he disapproves the export. Alternatively, the Secretary may notify the appropriate export control office or agency that he will interpose no objection, or that he will interpose no objection if appropriate conditions designed to achieve the purposes of the act are imposed.

If the President notifies the administering office or agency within 30 days after receiving the recommendation of the Secretary of Defense that he disapproves the export, the export is prohibited. But, if the President modifies or overrules the Secretary of Defense, he must submit his decision to review by the Congress. Congress has a period of 30 days of continuous session of both Houses thereafter to disapprove the President's decision by majority vote.

EXPORT FEES AND LICENSES

Section 10 would amend section 4 of the act to add a new subsection (i) which authorizes the President to use license fees or the auction of export licenses as means of carrying out the purposes of the act. License fees and license auctioning will constitute one of the many tools available to the Secretary of Commerce when circumstances justify the imposition of export controls.

Use of license fees and auctions as a means of export control can overcome the difficulties associated with allocations under present short-supply export control programs.

This new authority is permissive, not mandatory. The committee does not intend its use where it would work a hardship on small businesses. The committee also does not intend its use where it would deprive developing countries of access to adequate food supplies. In these, and perhaps other unique circumstances, the Secretary of Commerce should continue to rely on the existing practice of allocating export licenses among exporters and distributing export allocations on a country-by-country basis in order to insure an equitable allocation of American supplies of scarce goods throughout the world. In doing so, however, the committee expects market prices to prevail insofar as possible.

EXPIRATION DATE

Section 11 would extend the authority to impose export controls under the act for 3 more years from July 30, 1974, to June 30, 1977.

Mr. President, this bill represents months of hard work by the members of the International Finance Subcommittee as well as the full Banking Committee. I would hope that the Senate can quickly move to final passage so that its useful reforms can be implemented without delay.

Mr. MOSS. Mr. President, will the Senator yield for a question?

Mr. STEVENSON. I gladly yield to the Senator from Utah.

Mr. MOSS. Mr. President, my question has to do with section 8 of the bill and particularly with the new section called Procedures for Hardship Relief From Export Controls.

On page 8 of the bill it indicates what the Secretary of Commerce will consider when a petition has been offered to him for relief from export controls. Some five factors are suggested.

My question is: In determining whether to grant hardship relief under section 8(a) of S. 3792, will the Secretary of Commerce consider the following factors in granting relief: one, that the petitioner is a domestic person who owns more than 50 percent of the foreign company, and that company uses the controlled materials in its manufacturing process; and, two, trade with the country where the foreign manufacturing is performed is in the national interest? I have a specific company in mind, but I would ask the manager of the bill if he can answer that question.

Mr. STEVENSON. The answer is affirmative. It was next to impossible in drafting this section to contemplate all the conceivable situations in which the Secretary should consider hardship and grant relief from the effect of export controls.

Consequently, the committee added subparagraph (5) on page 9, to authorize the Secretary to take into consideration any other factors in addition to those specified. I would think that the considerations which the Senator has mentioned would certainly fall within that subsection. They are exactly the kind of considerations that the Secretary ought to consider in determining whether or not to grant relief from the effect of export controls.

Controls in the case which the Senator puts would have—or could have—a serious adverse effect on a corporation with 50-percent ownership in a foreign company. Those serious adverse effects might also fall within the four specific standards of the bill.

The answer is "Yes," those are exactly the kind of considerations that we were intending to comprehend that subsection (5) would concern. They are the kind of considerations that I would certainly hope the Secretary would consider and take into account in deciding whether to grant relief from export controls.

Mr. MOSS. I do thank the Senator for that response and the legislative history that it creates. This company is historically doing that now. Concern came about as to whether they might not continue to receive the consideration since there was some new language. I just wanted to make clear that they could expect that at least that would be given consideration by the Secretary.

Mr. STEVENSON. Yes. Under this bill that company would have more remedies and a greater right to a review and to redress of any real grievances than it has under existing law because of the procedures established in this bill which are not now in the law. Its rights would be enhanced.

Mr. MOSS. I thank the Senator.

Mr. PACKWOOD. Mr. President, the Export Administration Act of 1969 expires today. The legislation we are considering will extend the act for 3 years. Among other things, this act authorizes the President to curtail or prohibit exports from the United States of any article, materials, or supplies for reasons of domestic short supply, foreign policy, or national security. Export of technical data can also be restricted on national security grounds. Authority to administer the act rests with the President who has delegated that power to the Secretary of Commerce.

Continuing authority to administer export controls is needed to carry out national objectives under all three of the statutory policy purposes.

First, there is still a need to control exports of commodities and technical data in the interest of U.S. national security. Although there has been significant progress toward improving relations with the Communist bloc, we still cannot allow these countries uncontrolled access to our strategic products and technology.

Second, it remains in the interest of both national security and U.S. foreign policy to maintain restrictions on trade with North Vietnam, North Korea, and Cuba. In addition, the foreign policy authority under the act is used to control exports of paramilitary items to the Middle East and to implement U.N. Security Council resolutions concerning trade with Southern Rhodesia, South Africa, and the Portuguese African territories. The critical need for such authority was further illustrated recently when our distinguished colleague from the State of Washington, Senator JACKSON, pointed out that police and surveillance equipment was being freely exported to Eastern Europe and the Soviet Union. Within 2 days, the Secretary of Commerce had appraised the situation and issued new regulations controlling such exports to Communist countries. Such a quick response to this issue could not have been forthcoming without the flexible authority contained in this act.

Finally, the development of worldwide commodity shortages during the past year has made it necessary for the United States to curtail exports of certain commodities in the interest of preserving domestic supplies. Authority to do so is of increasing importance to the national economy. Export controls are currently in effect on ferrous scrap and on petroleum and certain petroleum products. A broad range of other commodities are currently in a very tight international demand/supply situation, and this condition can reasonably be expected to persist in some degree for the foreseeable future. Although export controls are and should continue to be viewed as a measure of last resort, it is essential that the President retain the authority to impose them when absolutely necessary to deal with critical short supply problems.

TECHNOLOGY TRANSFERS

Concern has been expressed that the export of U.S. technology is contributing to the military capability of the Communist countries. This concern is heightened by the fact that U.S. companies have recently signed technical cooperation agreements with the U.S.S.R. and certain East European governments calling for exchanges of technology.

In my judgment, current controls over exports of technology to the Communist countries amply protect the national security. Because access to technological know-how is in many instances of greater strategic significance than possession of finished items produced from that technology, the Department of Commerce exercises a more restrictive control over transfers of technical data than commodities. Accordingly, the present Commerce Department regulations require that specific prior approval be obtained from the Department for the export of unpublished technical data to Communist destinations, regardless of the nature of the end product to be produced. Thus, the Department can effectively screen out proposed technology transfers with strategic implications for indepth review. And while the signing of a technical cooperation agreement with a Communist country does not, in itself, require the specific approval of the Department, to the extent that this technology is of U.S. origin and is not generally available to the public, which is usually the case, it may not be exported without the Department's prior approval. The present license requirements, in my opinion, provide an effective mechanism to prevent the export of U.S. technology that would be detrimental to our national security.

EXPORT LICENSING CRITERIA

Suggestions have been made that the Export Administration Act, as presently drawn, and the procedures of the Department of Commerce in administering it, do not adequately protect the national security of the United States because exports are permitted that will aid the military establishments of the Communist countries.

I believe this concern to be greatly exaggerated. The Export Administration Act does provide ample authority to control exports for national security reasons. And the Department of Commerce, with extensive use of an interagency consultative procedure, scrutinizes very carefully each application for a license to export to a Communist destination. The Departments of Defense and State, and the Atomic Energy Commission, invariably are involved in the review of each potentially significant transaction. This review takes into account such considerations as:

a. What is the normal use in the U.S. and elsewhere in the Free World?

b. Is the item designed for military purposes? Is the intrinsic nature of the commodity or data such as to make it of significant use to the military? Is it currently used importantly by the military establishments in the West? In the country for which it is destined?

c. If the item has both military and civilian uses, is the intended end-use peaceful in nature?

d. Is the prospective foreign end-use engaged in peaceful or military-oriented work?

e. Does the item incorporate advanced or unique technology of strategic significance that could be extracted?

f. Is there a shortage of the item in the

area of destination that affects the military potential?

g. Are comparable commodities or data available to the country of destination outside the U.S.? If COCOM controlled, are they available outside the COCOM countries?

I think a review of this nature, made in conjunction with the Department of Defense and other agencies, amply assures that the national security of the United States is being properly protected.

INTERAGENCY CONSULTATIONS

With further respect to export of technology and sophisticated goods and services, concern has been expressed that the Department of Commerce has not utilized fully the interagency consultation provisions of the Export Administration Act and has, in some instances, ignored the advice given it. I can assure the House that the interagency consultative procedure is an important element in the Department's determination as to what shall be controlled and the extent exports shall be limited. The Department has an Advisory Committee for Export Policy on which the interested agencies are represented at an assistant secretary level. The agencies include the Departments of Agriculture, Commerce, Defense, Interior, State, Transportation, and Treasury, the Atomic Energy Commission, and the National Aeronautics and Space Administration. In addition, there is an observer from the Central Intelligence Agency. There is also, at the senior staff level, an Operating Committee of the Advisory group which meets weekly to discuss export control policy problems and significant individual transactions. All applications to export commodities and technical data to the communist countries are processed by the Department in accordance with procedures established in consultation with the advisory agencies represented on the Advisory Committee for Export Policy.

If any agency objects to the proposed course of action, it is given full opportunity to appeal to a higher level.

Secretary Dent has continued the policy of several of his predecessors not to approve any transaction so long as any agency has indicated an intention to appeal a recommended course of action. In some instances, an agency will object, but indicate that, because of the marginal nature of the issue, the base does not warrant an appeal. Of some 3,000 cases referred to the Department of Defense in the past 2½ years, the Department of Defense objected to the issuance of a license in 13 cases but did not feel sufficiently strong about its objection to escalate the matter to higher echelons. Inasmuch as in each case the issue was considered a marginal one by the agency objecting but not appealing, the Department of Commerce, after taking other agency views into account, decihed to approve the license.

When an agency objects and appeals a recommendation, the issue is carried progressively higher until the disagreement is resolved. In this process departmental or agency heads and, if necessary, the White House may be called upon to address the problem. In this 2½ year period, a strong objection to approval was raised by the Department of Defense in four cases and indicated it would appeal a contrary action to higher levels. In three of those cases the objection was sustained and in only one case it was overridden at the White House level. I believe these figures give some idea of how the mechanism that has long been in operation has worked to safeguard the national interests of the United States in the strategic export field.

In recent testimony before the Foreign Relations Committee's Subcommittee on Multinational Corporations, Commerce Secretary Dent discussed in detail the procedures followed by Commerce and other agencies in licensing the export of high technology goods. This statement is the best description of the administration of the act that I have seen. I ask unanimous consent that the text of Secretary Dent's statement be printed at this point in the RECORD.

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

STATEMENT OF FREDERICK B. DENT

INTRODUCTION

I am pleased to appear before your subcommittee today to discuss the Department of Commerce role in facilitating and directing U.S. investment projects with the Soviet Union, the People's Republic of China and the Eastern European countries with specific reference to (a) the administration of the export control program and (b) coordination with our European Allies.

Before going into detail as to the Department's role, let me describe briefly the interagency structure that has been established to deal with East-West trade policy questions.

EAST-WEST TRADE POLICY COMMITTEE

In the spring of 1973, President Nixon created an East-West Trade Policy Committee under the Chairmanship of his then principal economic advisor, George Shultz, Chairman of the Council on Economic Policy and Secretary of the Treasury. The President also designated me, as the Secretary of Commerce, to serve as Vice Chairman of the Committee. Other members of the East-West Trade Policy Committee included: the Secretary of State, Assistant to the President for National Security Affairs, the Executive Director of the Council on International Economic Policy, and the Special Representative for Trade Negotiations. The Policy Committee has met five times since its inception, the last meeting on May 15 being chaired by Secretary Simon following the departure of George Shultz from the Government. As you know, the President has only recently named Mr. Kenneth Rush, his Counsellor for Economic Policy, to replace Mr. Shultz as head of this activity and redesignated the body the President's Committee on East-West Trade Policy. The Secretary of the Treasury and I are designated as Co-Vice Chairmen of the Committee.

The Policy Committee has a Working Group which has been chaired by the Deputy Under Secretary of the Treasury and which meets more frequently than the Committee. Over the past year, some 15 working group meetings have been held to take up a number of East-West trade questions, including: U.S.–U.S.S.R. cooperative aviation programs, marine cargo insurance on shipments to the U.S.S.R., agenda items to be taken up at Joint Commission meetings with Poland, Romania and the U.S.S.R., and Eximbank actions relating to the U.S.S.R. Representatives from the member agencies participate as do other government agencies, such as the Departments of Defense and Agriculture and Eximbank, when appropriate. The Working Group discusses matters of current concern and prepares issues to be considered by the Policy Committee.

The East-West Trade Policy Working Group has proved to be very effective in bringing together a variety of expertise not readily available in a single Agency effort. It has also facilitated coordination of policy development through lines into the U.S. Government agencies furnishing Working Group members.

BUREAU OF EAST-WEST TRADE

Within the Department of Commerce, the operating entity responsible for matters concerning trade with the Soviet Union, the People's Republic of China, and the Eastern European countries is the Bureau of East-West Trade. It was established in late 1972 with the mission of expanding trade and economic relations between the United States and the communist countries of Eastern Europe and the USSR, and the People's Republic of China. The Bureau carries out this mission by working with the governments of these countries to create a framework in which business can flourish, by working with the American business community to encourage and assist the development of profitable business relations with the communist countries, and by administering U.S. Government export control regulations in a manner that insures that U.S. security does not become compromised through trade.

basis.

ROLE IN FACILITATING TRADE

I would like to touch briefly on the first part of the subject on which I have been invited to testify today, i.e., the role of the Department of Commerce in facilitating and directing U.S. investment projects with the Soviet Union, the People's Republic of China and the Eastern European countries. Investment projects in these countries are, in most instances, considerably different from what is usually meant by that term in other parts of the world. Direct equity investment by foreign individuals and organizations permitted only in Romania and Hungary, and then only on a minority

While one or two other communist countries reportedly are currently considering the enactment of laws that would permit foreign investment, the enactment of such laws in the foreseeable future by the Soviet Union and the People's Republic of China appears extremely remote. I have, therefore, in discussing the role of the Department in this field, used a much broader definition of "investment project" that includes any large transaction requiring substantial capital investment on the part of the country in which it is located regardless of whether or not an American company can participate in such investment as an equity partner.

The Department's role in these projects is entirely one of "facilitation" and includes nothing that would fall under the heading of "direction." Facilitation takes a number of forms. The Department, through the Bureau of East-West Trade, disseminates information on project opportunities, that is opportunities for the sale of equipment and machinery, through direct contact with U.S. companies, through industry associations, and through publication in Departmental magazines. Once a firm has begun actively to pursue a project, which it may or may not have found out about through our dissemination efforts, we stand ready to assist. If requested, should problems develop in the course of negotiating and concluding a contract. Assistance often takes the form of serving as a "middle man" in finding out the status of consideration of a contract proposal, in transmitting information between parties, and sometimes of suggesting com-

promises when parties have reached an impasse. We occasionally make representations to the host government on behalf of the U.S. bidder if we have reason to believe that they may be important to the U.S. competitor or that pressure is being applied by the governments of third-country competitors.

The Long Term Agreement between the U.S. and the USSR to Facilitate Economic, Industrial, and Technical Cooperation, which was signed during the President's recent trip to Moscow, strengthens and institutionalizes the facilitative role of the U.S. Government, in which the Department of Commerce plays a major part, by providing for periodic meetings to exchange information and by giving the already established Joint US–USSR Commercial Commission the responsibility for monitoring implementation of the cooperation envisaged in the agreement.

I would like to turn to some specific cases to illustrate the types of assistance and guidance the Department of Commerce has provided to the American business community with respect to major projects in the Communist countries.

HIGH ENERGY PRODUCTION PROJECTS

During the October 1973 session of the Joint US–USSR Commercial Commission, the Soviet Union suggested the possibility of cooperation between U.S. firms and Soviet organizations for the establishment of industrial complexes in the USSR for the manufacture of products requiring large amounts of electric power. Included would be production facilities for petrochemicals, ferroalloys, copper, and aluminum. The erection of these facilities would require the Soviet Union to import several hundred million dollars worth of equipment and know-how.

Acknowledging the potential importance of these and similar projects to future US–USSR trade and economic relations, the Department of Commerce undertook to refer the Soviet interest to potentially interested U.S. firms. During my official visit to the Soviet Union last April, I presented the Ministry of Foreign Trade with a summary of the steps the U.S. Government had taken to meet its commitment. Accompanying this was a request for additional information on each of these projects, in order that American firms might have a clearer picture of Soviet development plans for these industries. In response, the Soviets provided some additional project specifications during the May 1974 session of the Joint Commercial Commission that was held in Washington. Commerce is now in the process of relaying this additional information to U.S. industry.

AIR TRAFFIC CONTROL SYSTEM

Another example of project facilitation in the Soviet Union involves the current Soviet plan to modernize and expand its air traffic control system. In this case we were not the conduit for passing the initial information to the American business community.

Rather, we are assisting the American Institute of Aeronautics and Astronautics, other industry associations, and interested U.S. firms to develop detailed project information; we are working with the Department of Transportation's Federal Aviation Administration to see what input that agency could have that might assist the competitive position of U.S. industry; and we are continuing to work with a number of interested American companies to insure that U.S. export control regulations are understood and, therefore, do not become a problem at a later point in negotiations. Also, we sent a trade mission to the Soviet Union in April that included a number of U.S. companies that manufacture or sell air traffic control equipment.

This project could mean more than $100 million in U.S. exports over a ten year period and would add substantially to the safety of all aircraft and their passengers in the areas of the Soviet Union covered by the system, including American aircraft and passengers.

OTHER MAJOR TRANSACTIONS

Commerce has also been active in facilitating major transactions in Eastern Europe. Control Data Corporation, the first U.S. firm to establish a joint venture under Romania's 1971 Foreign Investment Law, worked closely with the Department in securing the necessary export licenses.

The Romanian Government has also requested the Department's assistance in finding American firms capable of supplying equipment and technology for a $200 million expansion of the Tirgoviste steel complex.

In response, we have individually contacted 500 U.S. equipment suppliers by letter and alerted them to this potential opportunity. Over 50 firms have been provided with detailed equipment specifications which were furnished to us by the Romanian Government. Department officials have also met with Romanian officials responsible for carrying out the equipment purchases, and World Bank officials regarding financing.

Taking Poland as another example, a recent visit by a Commerce Department representative to that country resulted in Polish requests for U.S. participation in the construction of three bearing plants worth in excess of $100 million, and two major canning plants. As a result of subsequent contacts with U.S. firms specializing in these areas, several machine tool manufacturers have submitted proposals for all, or part of, the bearing plants. The major U.S. can companies are reviewing the Polish canning plant proposal, and several potential subcontractors have held discussions with us.

The People's Republic of China presents a somewhat different picture in terms of Commerce involvement in major projects. The $125 million Boeing aircraft and $215 million Kellogg ammonia plant sales (each of which required and received validated export licenses) are the only examples thus far of U.S. involvement in major Chinese investment projects (as defined earlier in my statement). Other than the issuance of export licenses, these transactions neither required nor received any facilitation from the Department of Commerce. Our facilitation efforts with respect to China usually take the form of providing guidance to U.S. businessmen on how to establish contact with the Chinese and on the ways of doing business with that country.

UNITED STATES-U.S.S.R. TRADE AND ECONOMIC COUNCIL

Returning to our new trade relations with the U.S.S.R., both the Soviet and U.S. sides at the Washington Summit meeting in June 1973, recognized the need for a specialized organization to deal with the problems of U.S.-Soviet trade development, to serve the multiple business interests of its members and, at the same time, strenghen economic ties between the two nations. General Secretary Brezhnev committed the Soviet Union to cooperate in the development of such an organization. President Nixon pledged the best efforts of this government to urge American business to cooperate in the venture. A protocol was signed on June 22, 1973, reflecting these views.

Acting on behalf of the United States, I met with the chief executive officers of 24 major U.S. corporations. These corporations represented a broad spectrum of industry and a wide geographic distribution. They all had a strong interest in United States-Soviet trade, and were capable of concluding large-scale transactions. In addition, the chief executive officers of the National Association of Manufacturers and of the Chamber of Commerce of the United States participated in the meeting, and agreed to serve with the others as organizing directors.

Following a series of conversations with the Soviets, the United States-U.S.S.R. Trade and Economic Council, Inc., was legally constituted in October of 1973 as a private sector not-for-profit corporation under New York State law. A Board of Directors consisting of the 26 U.S. organizing directors, and 26 high-level Soviet economic and trade officials was named. Deputy Minister of Foreign Trade Vladimir S. Alkhimov and Donald M. Kendall became the Co-Chairmen. The Council formally opened for business on December 26, 1973, in its permanent offices in New York under the presidency of former Assistant Secretary of Commerce Harold B. Scott. A second Council office has been established in Moscow. The Council held its first Board of Directors meeting in Washington on February 26, 1974. The next Board meeting is scheduled for Moscow on October 15th, 1974. Membership in the Council is open to any American firm interested in trading with the Soviet Union. Membership fees are structured to attract small firms.

The principal function of this Council is to effect direct contacts between American businessmen and Soviet economic organizations in order to promote two-way trade between the two countries. In that sense, its efforts supplement those of the Bureau of East-West Trade.

NATIONAL COUNCIL FOR UNITED STATES-CHINA TRADE

A Council has also been formed to promote trade with the People's Republic of China. In May 1973, with assistance from U.S. Government agencies, the private, nonprofit National Council for U.S.-China trade was established in Washington. Mr. Donald Burnham, Chief Executive Officer of Westinghouse, was elected Chairman of the Council's Board, and led its first mission to Peking last fall. The membership drive by the Board of Directors encompassed both large and small firms and aimed at having a Council composed of a broad spectrum of U.S. importers and exporters interested in trade with the PRC.

The Council now actively serves as a forum for the discussion of trade issues, as a focal point for business contacts, and for the dissemination of information on marketing in China. It provides translation and other services. With its counterpart in the PRC, the China Council for the Promotion of International Trade, the Council will facilitate the reciprocal arrangements of trade missions and exhibitions with the PRC. This Council's mission also supplements the efforts of the Bureau of East-West Trade.

EXPORT CONTROLS

Having set forth the Department's role in facilitating trade with the Soviet Union, the PRC and the East European countries, I will turn now to the measures we take to assure that such trade is conducted within the national security policy guidelines of the Export Administration Act of 1969, as amended.

Section 3 of the Act, in addition to stating a policy of encouraging trade, also stated that "it is the policy of the United States . . . to restrict the export of goods and technology which would make a significant contribution to the military potential of any other nation or nations which would prove detrimental to the national security of the United States."

WHAT IS CONTROLLED?

In implementing this policy, the Department of Commerce publishes a set of regulations which includes a list of commodities and indicates the desinations to which they may not be exported or reexported without our specific prior approval. The regulations also specify that unpublished technical data, with few specific exceptions, may not be exported or reexported to the USSR, the PRC, and Eastern Europe, (as well as to those

destinations for which there is a general embargo policy such as Cuba and North Vietnam) without the Department's approval. While exports of unpublished technical data may be made to Free World destinations without specific authorizations, the regulations provide that under certain circumstances the recipient of such data must provide assurances that the direct product of the data will not be exported to proscribed destinations without the specific approval of the government. In the case of the Communist countries, the direct product of U.S.-origin data is under our control, if it is an internationally (COCOM) controlled commodity.

Lastly, the regulations provide that U.S.-origin parts and components may not be used in the production of foreign end products intended for export to the communist countries without our prior approval if the end product, were it of U.S. origin, would require the specific approval of the Department for direct export from the United States to the intended destination.

As part of the Department's export control activities, there is an active compliance program designed, not only to investigate alleged violations of our regulations and to prosecute, where violations are proven, but also to work with firms to facilitate adherence to our control requirements. Our compliance program does not end at the water's edge, but extends abroad to cover reexports of U.S.-origin goods and technology and the use abroad of such goods and technology.

The controls exercised by the Department of Commerce impact on multinational corporations in the same manner as they do on strictly domestic firms. Our control is over U.S.-origin commodities and data; it is not addressed to the nationality of the corporation nor to its size or complexity of operations. The fact that a subsidiary or affiliate is located abroad does not reduce one bit the legal reach of U.S. controls on exports. Such firms are accountable to the Department for their reexport of U.S.-origin goods or technology and for their use of U.S. origin technology and face compliance action for violations the same as do domestic firms.

COCOM ORGANIZATION

I mentioned earlier that the Commerce regulations include a list of commodities that may not be exported without our specific prior approval. Except for commodities under short supply export control, the vast majority of these items also are controlled by the 14 other Free World countries that cooperate with the United States in an international export control structure known as COCOM. This organization is composed of our NATO partners, except Iceland, and Japan. Organized in 1949, COCOM is an informal, non-treaty body that maintains a list of commodities which it is agreed are of strategic significance and whose export should be controlled. Each participating country, of course, maintains the right to control additional commodities if it so desires. There is also agreement to control technical data relating to the production of the items under international control.

COCOM periodically reviews the list of strategic items to make additions representing new technological advances and to remove those items which have become available to the communist countries through their own sources or which for other reasons have lost their strategic significance. The last review was completed in September, 1972, and the next one is scheduled to begin this fall. Under the COCOM rules of procedure, it takes unanimous agreement of the countries participating in the review to remove commodities from the list or to add new commodities to it. When COCOM was first established, the list of commodities under multilateral control was quite extensive.

Over the years, a succession of reviews has narrowed the list drastically so that now it covers a hard core of munitions and nuclear energy items and a highly selective list of high technology equipment and materials that have significant military as well as civilian uses. It is too early to predict the outcome of the pending COCOM list review, but if past reviews are any basis for judging, there will very likely be some modest modification—additions as well as reductions. These will reflect both technological advances in the communist countries and changing military uses in the West.

I would like to stress one point regarding the commodities on the COCOM list. The fact that a particular commercial item is under international control does not mean that it is embargoed for export to a communist country. If a participating country, having received an application to export a COCOM-controlled commodity to a communist destination, determined to its own satisfaction that the item will be used for a peaceful purpose, it can transmit the pertinent facts concerning the transaction to a working body of COCOM that meets regularly in Paris and seek the views of the other member countries. If the countries participating in the review of a transaction agree with the submitting country that the transaction is for a peaceful purpose, the transaction can be approved.

UNILATERAL CONTROLS

The fact that the list of commodities under control for national security reasons is closely aligned to the COCOM list is not an accident. Congress, in 1972, amended the Export Administration Act to require the removal of unilateral controls if the controlled items are available without restriction from sources outside the United States in significant quantities and comparable in quality to those produced in the United States, except that controls could remain in effect if adequate evidence is presented to demonstrate that the absence of control would prove detrimental to the national security.

The Department was required by the 1972 amendment to report to the President and to Congress within nine months from the date of enactment of the amendment and to list the commodities and technical data remaining under unilateral control together with the reasons for continuing such control. This was a clear mandate to reduce our controls to the multilaterally controlled COCOM level unless there was positive evidence to indicate that continued unilateral control was demonstrably necessary for national security reasons.

We reported on the due date that the list of unilaterally controlled commodity entries had been reduced from 550 to 73, and we gave the reasons for retaining controls over these 73. Many of the latter were specialty items with direct military application and no commercial significance. Others were "basket" entries containing an unknown number of individual commodities, some of which were militarily significant. Our subsequent review of the 73 remaining unilaterally controlled entries has resulted in additional decontrols where specific items of a peaceful nature could be identified.

Insofar as unilateral controls over technical data were concerned, the basic problem is that data related to the production of peaceful goods in many instances also relates to the production of products of a strategic nature. To decontrol the former creates a real danger that the latter would escape proper control. Continued screening of proposed technology transfers mitigates against this happening, and we expect that we will have to continue to control the export of a good deal of technical data, even where the end product is peaceful, to guard against the possibility that the data will provide a significant step up in the production of more sensitive products.

INTERAGENCY CONSULTATIONS

The interagency consultative procedure is an important element in the Department's determination as to what shall be controlled and the extent exports shall be limited.

Section 5(A) of the Export Administration Act requires us to seek information and advice on these subjects from the several executive departments and agencies concerned with aspects of our domestic and foreign policies and operations having an important bearing on exports. Accordingly, the department has an Advisory Committee for Export Policy on which the interested agencies are represented at an Assistant Secretary level. The agencies include the Departments of Agriculture, Commerce, Defense, Interior, State, Transportation, and Treasury, the Atomic Energy Commission and the National Aeronautics and Space Administration. In addition, there is an observer from the Central Intelligence Agency. There is also at the senior staff level, an Operating Committee of the Advisory group which meets weekly to discuss export control policy problems and significant individual transactions. All applications to export commodities and technical data to the communist countries are processed by the Department in accordance with procedures established in consultation with the advisory agencies represented on the Advisory Committee for Export Policy.

Under these procedures, certain applications are processed by the Department's Office of Export Administration (OEA) without consultation with its advisory agencies; some are processed after informal consultation with one or more of the advisory agencies, and the remainder are processed only after formal consultation with the agencies.

To the extent possible, the Department seeks to formulate specific guidelines that set forth criteria for the approval or denial of applications. Proposals for such guidelines are referred to the Operating Committee of the Advisory Committee for Export Policy, and if all interested agencies agree that applications for a specific commodity or grouping of commodities may be approved or denied without further consultation with the agencies, "a delegation of authority" to OEA is issued. Examples of commodities in this category include certain field effect transistors, electronic capacitors, frequency synthesizers and coaxial alternators. This delegation sets forth parameters within which action may be taken.

However, an application to export a commodity covered by such a delegation is not routinely handled. The application first is analyzed by a licensing officer who, from a technical standpoint, determines if the commodity or data proposed for export does fall within the delegation of authority, and is appropriate for the intended end use.

Based on this analysis, a licensing recommendation is made, these technical judgments and the recommendations are then reviewed by other officers for consistency with established policy and for identification of any particular features or problems that would necessitate interagency review. Applications approved or denied in accordance with the delegation of authority receive a final screening by a senior official in OEA just prior to mailing the license or denial notice to the applicant.

In the recent past, certain of the agencies that advise the Department, particularly the Department of Defense, have been reluctant to concur in the issuance of guidelines that would permit the approval of applications under a delegation of authority. While

they agree that formal review in the interagency structure is not necessary, they prefer to be notified of applications that are received for specific commodities and to be given an opportunity either to concur in the specific transaction or to request formal interagency review. Examples of commodities in this category include certain types of germanium and silicon transistors, certain lasers, certain types of video tape recorders, and certain types of computers and related equipment. A memorandum is sent to the agency that has requested consultation, and the application is not processed for approval until that agency concurs in the proposed action. These applications also are screened by a senior official in OEA prior to mailing of the license.

Applications that may not be processed under either the delegation of authority or the informal consultation procedures are documented for formal consideration by the Operating Committee of the Advisory Committee for Export Policy. The document describes the proposed transaction, identifies the intrinsic use potential, including any possible military use, and the end use pattern, sets forth the policy aspects and recommends a course of action. There is thorough discussion of the transaction at a meeting attended by senior staff representatives of those agencies that have an interest in the proposed transaction.

The Departments of Defense and State and the Atomic Energy Commission are invariably represented. There is also an observer from the Central Intelligence Agency. Other agencies, such as NASA and the Departments of Transportation and Interior, attend when matters of interest to them are on the agenda. After hearing the advice of the various agencies, the chairman of the Operating Committee recommends a course of action. If all interested agencies concur in this recommendation, it is forwarded to the Director of the Office of Export Administration for his decision or, in some instances, for referral to the Director of the Bureau of East-West Trade for decision. If any agency objects to the proposed course of action, it is given full opportunity to appeal to a higher level.

I have continued the policy of several of my predecessors not to approve any transaction so long as any agency has indicated an intention to appeal a recommended course of action. In some instances, an agency will object, but indicate that, because of the marginal nature of the issue, the case does not warrant an appeal. The chairman's recommendation, then, goes forward to the Director, OEA, as mentioned above. When an agency objects and appeals a recommendation, the issue is carried progressively higher until the disagreement is resolved. In this process Departmental or agency heads and, if necessary, the White House may be called upon to address the problem.

LICENSING CONSIDERATIONS

Involved in the decision to approve or reject an application for a communist destination are such considerations as:

A. What is the normal use in the U.S. and elsewhere in the Free World?

B. Is the item designed for military purposes? Is the intrinsic nature of the commodity or data such as to make it of significant use to the military? Is it currently used importantly by the military establishments in the West? In the country for which it is destined?

C. If the item has both military and civilian uses, is the intended end-use peaceful in nature?

D. Is the prospective foreign end-user engaged in peaceful or military-oriented work?

E. Does the item incorporate advanced or unique technology of strategic significance that could be extracted?

F. Is there a shortage of the item in the area of destination that affects the military potential?

G. Are comparable commodities or data available to the country of destination outside the U.S.? If COCOM controlled, are they available outside the COCOM countries?

CONSULTATION WITH INDUSTRY

In developing information that will permit us to make the proper decision, the Department consults extensively with industry. There currently are seven government-industry technical advisory committees, established pursuant to the 1972 amendments to the Export Administration Act. In addition, individual firms are consulted on technical matters and foreign availability of commodities under licensing control.

The formal technical advisory committees meet regularly and have been cleared for access to security classified information so that they can be of maximum use to the Department.

The industry members were chosen from firms, large and small, affected by our controls. The industry members serve as individuals, not as company representatives. They were chosen for their technical knowledge and bring to the committees their own expertise. Also, by their charters, the committees serve strictly in an advisory capacity to the Department. Their reports receive the most serious consideration, but the final judgment on the issues is reserved for the Government, as it should be.

APPLICATION PROCESSING TIME

One other aspect of the export control program deserves mention. I believe very few producers of goods under control for national security reasons will dispute the statement that there are potential strategic uses for these items. This means that applications to export such commodities to Communist destinations are scrutinized very carefully, as is evident from my remarks so far. This often is time consuming, and exporters frequently become understandably impatient.

We are very sensitive to the fact that a prolonged delay in reaching a licensing decision can be a serious competitive disadvantage to a U.S. exporter. Although a large proportion, roughly 60 percent, of applications involving exports to Communist destinations are processed in 15 working days, according to a recent survey, the remainder take considerably longer.

These are, for the most part, transactions that involve high technology items and present particular policy problems. Detente has increased the interest of U.S. firms in selling such items to the Communist countries and this in turn has resulted in a larger volume of cases in this commodity area.

We are addressing this problem of excessive processing time. Through the application of additional resources, more extensive use of automatic data processing, and procedural innovations, we hope to avoid the lengthy delays that plague the export community.

We are also very conscious of the need for us to be responsive to an applicant's enquiry as to the status of his case and of the considerations that may lead to denial of a license. Consistent with considerations of national security, we try to keep applicants informed and otherwise interact with them.

Mr. Chairman, I would like in concluding my presentation to draw to your attention the table we are submitting for the record as part of this testimony. This table graphically shows the outcome of our efforts in going through the above consultative procedures for the past two and one-half years.

The table deals with the disposition of some 3,000 applications for the export of items on the controlled commodity list to a Communist country destination. You can see that of those 3,000 cases, the Department of Defense objected to the issuance of a license in 13 cases but did not feel sufficiently strong about its objection to escalate the matter to higher echelons. Inasmuch as in each case the issue was considered a marginal one by the agency objecting but not appealing, the Department of Commerce, after taking other agency views into account, decided to approve the license.

The table further shows that a strong objection to approval was raised in four cases and that the objecting agency indicated it would appeal a contrary action to higher levels. In three of those cases the objection was sustained and in only one case was it overriden at the White House level. The totals of refusals to issue licenses, which we call denials, are as shown for the respective years. I believe these figures give some idea of how the mechanism we have long had in operation has worked to safeguard the national interests of the United States in the strategic export field.

Mr. Chairman, that concludes my presentation. I am ready to try to answer any questions the members of the Subcommittee may have.

Number of U.S. export license transactions on which DOD was consulted and objected to approval, with disposition thereof

[June 1972–June 11, 1974]

	Commerce
Total cases	3,000
Objected but not appealed	13
Overriden	13
Objected and appealed	4
Overriden	4
Sustained	3
Total no. of cases denied (All agencies agreed):	
1972	163
1973	105
1974 (as of June 30)	82

There are ten Commerce cases pending on which DOD has objected and appealed, respecting which there has been no decision.

Mr. PACKWOOD. Finally, Mr. President, I must express my concern with regard to provisions in this bill calling for the Secretary of Commerce to monitor and issue reports on both contracts for and anticipated exports of nonagricultural commodities in tight supply, and further requiring the Secretary to publish certain analyses with respect to commodities.

While I fully agree that there is a need to maintain a diligent watch on our domestic supply situation, and thus effectuate timely and accurate governmental decisions, I fear that the net result of these provisions will be to further confuse an already muddled domestic economic picture.

I will first address myself to the requirement for monitoring and publishing data on contract for exports and anticipated exports. The Commerce Department monitored contracts for exports of agricultural products and ferrous scrap last summer, and found that such contracts had little or no bearing on what was, in fact, actually exported. Thus, forecasts of anticipated exports, not to mention policy decisions based on such data, will likely be misleading, and would trigger considerable speculation in domestic markets that could, in turn, lead to the imposition of export controls which would have been unnecessary otherwise. In short, such data could well result in the type of decisionmaking

characterized by the Government's handling of last year's soybean embargo.

I have even greater reservations about requiring the Secretary to publish certain analyses, particularly those on the probable duration of shortages, and on worldwide supplies of commodities being monitored under this bill's earlier provisions. Our Government has limited access to foreign supply/demand data, and any published analysis purporting to be based on such data would be little better than nonsense.

If there is anything that our domestic supply situation needs less than additional uninformed economic forecasting, it does not readily come to mind.

The committee has placed language in its report stating that the Secretary need not publish an analysis which "would have serious adverse consequences due to highly volatile markets for the material involved", and stresses that the Secretary need not disclose information as to the timing or duration of export controls. However, it is difficult to imagine a situation, in which a shortage was either anticipated or its duration predicted, that would not lead directly to speculation as to the imposition or duration of controls themselves, and thus bring about the very situation to which the committee has addressed its concern. I am reasonably certain that the market will react to such information by, in the first case, accelerating exports in anticipation of later restrictions, and in the latter, by hoarding inventories in anticipation of the lifting of controls, thus exacerbating, or prolonging, any short supply situation.

Finally, I submit that we are asking the Department of Commerce to peer into a crystal ball which neither they nor any other Government agency, and I include the Congress, possess. I think the record of the last few months clearly shows that economists and assorted other statistical sorcerers have proven remarkably incapable of forecasting what may happen in the future. To expect anything different from Government forecasts just because they have the official seal of approval is to mislead ourselves and the American people.

I want as much as anyone to see the Department of Commerce exercise its export control authority based on the best information available, and I am convinced that the committee is moving in the right direction in asking the Secretary to perform analyses in the short supply area. I am just as convinced, however, that publishing, first, analyses of the probable duration of shortages, and second, "anticipated exports"—which when coupled with domestic supply and demand is tantamount to predicting domestic shortages—would serve to prolong, or even create, such a shortage. This would not only fail to serve the best interests of our Nation's economy, but would contravene the intent of the Congress when we placed the short supply authority in this act.

Mr. President, I ask unanimous consent that a letter from the American Farm Bureau Federation be printed at this point in the RECORD of our debate of this export control legislation. This letter outlines the views of AFBA—views to which I subscribe.

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

AMERICAN FARM BUREAU FEDERATION,
JULY 30, 1974.

Hon. ROBERT W. PACKWOOD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PACKWOOD: S. 3792, a bill to amend and extend the Export Administration Act of 1969, is likely to reach the floor of the Senate later this week. This bill, if enacted, would increase the authority of the Executive Branch to impose export controls on agricultural, and other commodities.

On January 17, 1974, the elected voting delegates of the member State Farm Bureaus adopted the following policy:

"We encourage action at both domestic and international levels to ensure farmers the right to offer their produce for sale on world markets. We oppose any proposal to limit or control exports of U.S. agricultural commodities."

We present 2.3 million member families and oppose agricultural export controls for the following reasons:

(1) Farmers and nonfarmers alike benefited from an upsurge in agricultural exports to an all-time high of over $20 billion during the 1973–74 fiscal year. Increased output—made possible by export sales—means lower average production costs on farms. This leads to higher incomes for farmers and lower food costs for consumers. A high level of agricultural exports has a favorable effect not only on the net incomes of the producers of the commodities exported but also on the incomes of producers of other farm commodities and the incomes of workers employed in transportation and other export-related industries. The dollars earned by commercial exports are critically important to our country's international balance of payments. Further increases in agricultural exports will be needed in the years ahead to pay for expanding imports of petroleum and other essential raw materials.

(2) Export controls, like price ceilings, deal with the *symptoms* of inflation and divert attention from the need for a direct attack on our economic problems through effective action to reduce excessive government spending.

(3) Export controls involve the compulsory allocation of supplies by government. They cannot do this job as well as market prices. Such controls also are an instrument for politicizing foreign trade policies. They can lead to the allocation of exports for diplomatic and strategic objectives not related to economic efficiency. Politicized trade policies make it impossible for our country and others to gain the full benefits inherent in mutually advantageous trade conducted with a minimum of restrictions.

(4) The imposition of export controls on certain agricultural commodities in 1973 was a disastrous mistake. The long-run result will be a loss of some hard-won markets; many foreign buyers confronted by broken sales contracts have lost faith in the dependability of the U.S. as a source of supplies. As a result, the effectiveness of U.S. representatives in international trade negotiations has been reduced, and it will be harder to persuade foreign countries to lower their barrier to imports of our commodities.

We also oppose export controls on fertilizers, a nonagricultural commodity but one of great concern to American farmers and ranchers. Government price controls were the primary cause of recent shortages of fertilizers. They encouraged exports and reduced imports of fertilizer materials. Export controls on fertilizers would be undesirable because they would lead to foreign retaliation against our agricultural exports and reduce our fertilizer imports.

The Export Administration Act of 1969 should be extended in order to authorize controls over exports of certain strategic materials and technology related to the security of the United States. However, we urge you (1) to vote for revision of the Export Administration Act of 1969 to make it abundantly clear that this Act shall not provide authority for imposing export controls on agricultural commodities and (2) to vote against all proposals to impose export controls on fertilizers.

Your support of our position on these issues will be of benefit to urban consumers as well as farmers and ranchers and will be much appreciated.

Sincerely,

JOHN C. DATT,
Director, Congressional Relations.

Mr. BUCKLEY. Mr. President, the renewal of the Export Administration Act and amendments we are voting on today is flawed by a misplaced effort to deal with a pressing foreign trade problem; that of competition for resources from other nations. Attempting to deal with the problem of shortages through export controls rather than the marketplace is a means which can only exacerbate the problem.

For the past three decades the Congress has passed legislation which has had the effect of reducing the barriers to trade which were erected during the 1930's and 1940's. The result has been an enormous increase in international commerce, and an unprecedented increase in international prosperity.

This bill represents a step backward in that process which could act to diminish U.S. prosperity by inviting retaliation by other nations who may feel uncomfortable when the U.S. consumer is competing for resources within his own market.

The bill, as amended, would make it easier to impose controls on exports by eliminating the condition that there be an abnormal foreign demand for the goods in question, which I believe to be an appropriate condition. As we have already seen to our detriment, in the case of wage and price controls, a power in existence is a power which would be used. The vast armies of special interests would guarantee that such power would be exercised.

Moreover, the bill would permit the imposition of export fees; a step which the committee itself admits is of doubtful constitutionality given the specific language of article I, section 9, clause 5, of the Constitution prohibiting duties on exports from any state.

The remedy for shortages is not controls—we have seen the costly consequences of controls in 3½-years of experience with wage and price controls. The only answer which works in the long run is free markets; free markets will provide the incentive to increase supplies thereby providing goods and services to all who want them at the lowest price possible. Given free markets, the United States is in a better position to compete in international markets than most other nations; only the intervention of controls such as proposed in this bill could diminish our natural competitive advantage.

Mr. BAYH. Mr. President——

The PRESIDING OFFICER. The Senator from Indiana.

Mr. STEVENSON. Mr. President, I yield to the Senator from Indiana.

Mr. BAYH. Mr. President, at this time I would like to call up the amendments that I have discussed with my distinguished colleague from Illinois.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. BAYH. Mr. President, I call up amendment No. 1609.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

SEC. . Section 28(u) of the Mineral Leasing Act of 1920 (30 U.S.C. 185) is amended by inserting immediately after "quantity and quality of petroleum available to the United States" the following: "or result, directly or indirectly, in any increase in the price thereof".

Mr. BAYH. Mr. President, this amendment will close an unintended and potentially very expensive loophole in the legislation enacted last year authorizing construction of the trans-Alaska oil pipeline.

At the time that measure was before us, the Senate rejected a proposal to ban the exportation of oil from Alaska. Instead, the Senate adopted a provision, which became section 28(u) of the Mineral Leasing Act, which permits the exportation of U.S. oil from Alaska under certain circumstances so long as such exports do not reduce the total supply of oil available in the United States.

This provision will permit oil swapping, whereby a certain amount of oil from Alaska can go to Japan or other foreign countries if an equal amount of compensating oil is imported into the United States. This compensating oil would probably come from Venezuela and the Middle East, and likely be delivered via gulf coast and Atlantic ports.

Such swapping of oil is deemed necessary because from the time the Alaskan pipeline goes into operation—presumably 1979—until well into the 1980's the west coast will not be able to utilize the pipeline's 2-million-barrel-a-day capacity. Since there is no way the oil can be shipped eastward across the Rocky Mountains, it will have to be exported—something that those of us who preferred construction of the trans-Canadian oil pipeline pointed out during last year's debate.

In permitting this oil swapping, the Congress did require a Presidential finding that it was in the national interest and that it would not diminish the total quantity and quality of oil available to the United States.

However, these criteria left open a serious price loophole that could cost American consumers and industry up to $2 billion a year. It would work like this:

First, the major oil companies would sell up to a million barrels a day of our oil from Alaska, as much as 50 percent of the pipeline's capacity, to Japan and other foreign countries at the international price of oil. Under the present two-tier oil price system the international price is greater than the domestic price, a disparity that is likely to grow in the years between now and when Alaskan oil begins to flow.

Second, to make certain that such exportation of U.S. oil does not diminish the total quantity of oil available in the United States—as required by the statute—the same major oil companies would step up their imports of oil from Venezuela and the Middle East, charging U.S. consumers the same high international price for this compensating oil.

What this does, Mr. President, is to enable these oil companies to realize the higher international price—higher by as much as $5 a barrel—for U.S. oil from Alaska than they would receive if that same oil were sold within the United States. Since under such an operation the compensating imported oil would be billed at the prevailing world price, the multinational oil giants could realize an additional net gain of $5 a barrel on as much as a million barrels a day. That's $5 million a day, or close to $2 billion a year in added energy cost for American consumers and industry.

My amendment would prevent such oil company mischief.

Specifically, this amendment to section 28(u) of the Mineral Leasing Act—which is that section of the pipeline legislation establishing standards for oil exports—adds a new criterion which must be met before U.S. oil could be exported from Alaska.

The amendment provides that such exports not only not diminish the total quantity and quality of oil available in the United States, but that such exports also not result, directly or indirectly, in any increase in the price of oil in the United States.

The effect of this standard, Mr. President, would be that American consumers and industry would pay no more for the imported oil brought to the United States to compensate for Alaskan oil sold abroad than those same consumers and industry would pay were the Alaska oil sold directly in the United States.

Japan, or any other country receiving U.S. oil, would pay the higher international price for the oil they received, but our citizens would pay the domestic price for the equivalent amount of oil imported to make up for the loss of oil sold abroad.

This will prevent the oil companies from escaping whatever domestic price controls might be in effect at the time, and foreclose the incentive to export more oil than necessary to exploit the price difference between U.S. and foreign oil.

Let me say, Mr. President, I am very much aware of the argument made against this amendment, that oil companies swap oil for convenience in marketing and to save transportation expenses all the time. And, the argument goes on, when this is done the oil is priced just as my amendment would require—with each country paying what they would for the crude oil if such switching did not take place. So, the argument concludes, this amendment is really not necessary, it would work this way anyhow.

In response, Mr. President, I must say that I recognize the realities of present international policy in oil marketing. But I also recognize a loophole when I see one. And I just refuse, as strongly as I know how, to leave the fate of consumers and industry in my State of Indiana, and across the country, in the hands of the multinational oil companies.

I refuse, Mr. President to rely on the verbal assurance of some oil company executive that the pricing policy which my amendment mandates would prevail in any event. I insist, instead, on writing into law the assurance which my constituents and all Americans deserve; the assurance that they will not pay the higher cost of oil company shannigans at some future date.

And to those who oppose my amendment as being unnecessary I say, if the purpose of this amendment will be realized anyhow, why do you oppose it? Why do you object to codifying what you say is normal pricing policy in the international marketing of oil?

One can only conclude, Mr. President, that opposition to my amendment is tacit admission that the problem which I foresee down the road is very real. If the oil companies do not intend to exploit this loophole, then there is no reason for them to oppose this amendment to close that loophole.

On the other hand, if those oil companies greedily eyed this loophold as a means to fatten their already bloated profits, then their opposition makes sense. That, in turn makes the best case for adoption of this amendment.

Mr. President, my colleagues will recall a rather heated debate which transpired on this floor not too long ago when we were discussing the pros and cons of the Alaskan pipeline. The Senator from Indiana opposed the Alaskan pipeline, and suggested what the Senator from Minnesota and several others suggested, that we would be better served as a Nation to provide for the distribution of the Alaskan oil through Canada into the middle part of our country.

There were two concerns that some of us in the Midwest had: One, that this pipeline was primarily designed for west coast distribution of the oil, and that the rest of the country would not benefit from it; secondly, that the west coast, at least during the first 10 years of the pipeline's production, would not be able to consume all of the oil that was coming through the pipeline. Thus, since the oil goes from north Alaska to south Alaska and then into the supertankers, it would be sold to Japan or elsewhere around the

world and we would be losing this valuable resource to foreign markets.

Subsequent events have proven that both of these concerns have significant merit. But the pipeline is still being built, so that battle has been lost. It seems to me that there are some steps we can take to prevent one other thing from happening, which I think would be most unfortunate for consumers.

The oil companies respond to our concern that this Alaskan oil will be sold to Japan by saying, "Well, what we are really going to do is switch Alaskan oil for other oil in the Mideast or Venezuela and make that available to the east coast and the Midwest."

To meet this concern, we wrote into the bill—and I believe Senator JACKSON and Senator FANNIN agreed on the language—that this kind of switching could not take place if there was a decrease in oil, in quantity and quality, made available to the American consumer.

This did not deal with the fact that in order to keep even with what we need because we have an increase in demand, we are going to have to improve ever-increasing amounts, and thus the switching agreement will be possible. With the disparity which exists in the price between domestic oil and foreign oil, what we are going to have happen is the following: The Alaskan oil, with a domestic price of somewhere between $5 and $10, probably an average of $7, will be sold to Japan, probably at the international price of close to $11 or $12. Then that will be exchanged for a similar quantity of oil from Saudi Arabia or Venezuela and sold back into the country at the international price of $11 or $12. That $5 a barrel, multiplied by the total amount available, is going to cost the consumers of this country about $2 billion a year.

What my amendment says, very simply, is this: All right, go ahead and switch Alaskan oil for foreign crude, if you wish; but if you do so, we have to guarantee that the foreign crude that is the product of the switch is sold into this country at the same price that the domestic oil is pegged at, so that we are not losing that $5 a barrel and we are not going to be socking our consumers an additional $2 billion a year.

I have discussed this amendment with the distinguished Senator from Washington, who has been called to duty elsewhere. It is my understanding that he has no objection to it. Really, this is the thrust of what we tried to do earlier in the amendment he proposed. I think we will all agree that there is a loophole there and that this should close it.

Mr. STEVENSON. Mr. President, I have discussed this amendment with the Senator from Indiana, and I commend him for submitting it.

Without the adoption of this amendment, it is quite possible, as he points out, that oil could be accumulated in California in surplus quantities, and then exported to Japan, with large parts of the United States, particularly the Midwest and the Northeast, then dependent on undependable and more expensive foreign sources of oil, principally in the Middle East. This amendment would assure that all parts of the country, including the Midwest and the Northeast, would benefit from the Alaskan oil, not just the Japanese or some other foreign country.

So I think this is a fine amendment. So far as I am concerned, I am prepared to accept the amendment.

Mr. BAYH. Mr. President, if the Senator will yield, I might add just one word of appreciation to the distinguished Senator from Illinois, not only for his cooperation with respect to this amendment, but also for his cooperation and support in our efforts to get the Alaskan oil distributed into the middle part of the country, in the first place, and for his continued effort now to see that we are able to proceed with the distribution of the natural gas supply as we have originally been promised, and that it is brought into the central part of the country.

Mr. STEVENSON. That was a concern we had in the debate about the oil for the pipeline. The concern that the Senator from Indiana and I and others expressed was that once the decision was made to transport the oil across Alaska, the next argument would be made that the same route should be used to transport the gas. The Midwest and the Northeast, threatened by a shortage of energy, would end up without either the oil or the gas.

The Senator led that fight, and the decision ultimately was made to bring the oil down across Alaska. Now he is continuing the fight to make sure that in the Northeast and in the Midwest, severely threatened as they are by both shortages and high prices, we get our fair share. I think he deserves the gratitude of the Senate, and certainly of the Members from those large parts of the counrty who are fighting that fight.

Mr. President, I have discussed this matter with the Senator from Oregon.

Mr. FANNIN. Mr. President, if the Senator will yield, this has just come to my attention. Since it does involve legislation that has come under the jurisdiction of the Committee on Interior and Insular Affairs, I wonder whether the Senator did clear this matter with Senator JACKSON, the chairman of that committee.

Mr. BAYH. I mentioned earlier that I had discussed this matter with the distinguished Senator from Washington and that he does support it.

Mr. FANNIN. I thank the distinguished Senator from Indiana.

From what I observe, I believe that I, too, would support it. But I would appreciate having 5 or 10 minutes to check, to see exactly what effect it would have. I would like to check with counsel on it. It would be very helpful.

Mr. BAYH. I have no objection. In fact, if it is all right with the Senator from Illinois, I will call up my other amendment, and we can dispose of it while the Senator puts his "good housekeeping" stamp on this amendment.

Mr. FANNIN. I thank the Senator.

AMENDMENT NO. 1610

Mr. BAYH. Mr. President, I ask unanimous consent that my amendment No. 1609 be temporarily laid aside and that I may call up at this time amendment No. 1610.

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

The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. BAYH. 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 is as follows:

At the end of the bill, insert the following new section:

SEC. . (a) The Comptroller General of the United States shall conduct a continuous review of the effectiveness of procedures implemented by the Secretary of Commerce pursuant to the provisions of section 4 of the Export Administration Act of 1969. In carrying out such review the Comptroller General shall consider, among other relevant factors—

(1) current and projected domestic shortages of key commodities, export levels of these commodities, the impact on domestic prices and employment of such shortages, and anticipated domestic and foreign demand for such commodities; and

(2) the need for additional export controls of commodities in short supply, the time and manner in which such controls should be implemented, and the recommended duration of any such controls.

(b)(1) The Comptroller General shall transmit to the Congress regular reports setting forth the results of the review required by subsection (a).

(2) In addition, the Comptroller General shall transmit without delay to the Congress a special report whenever he determines that there is a domestic shortage of any commodity which, together with exports of that commodity, threatens domestic price stability of that commodity and/or employment related to that commodity. Such report shall contain the Comptroller General's estimate of the extent of the domestic shortage of that commodity, the current and projected export levels, and the projected domestic price and employment impact at projected export levels. The Comptroller General shall include such recommendations for legislative or administrative action as he deems appropriate.

(c) Notwithstanding the provisions of any other law, in carrying out such functions, the Comptroller General is authorized to request, and any department, agency or instrumentality of the Federal Government is directed to furnish, such information as is necessary to carry out the functions provided for under this section, including estimates of the quantity of any commodity necessary for (1) domestic consumption, (2) exports, and (3) reasonable carryover, including disaster relief assistance or other emergency situations.

Mr. BAYH. Mr. President, this amendment is designed to enable the Congress to deal more effectively with the soaring inflation that is clearly the most significant economic problem facing us today.

One clear and ever present threat to domestic price stability is the uncontrolled exportation of commodities in short supply. Over the last year, domestic prices for such short supply commodities as scrap iron and steel, petrochemicals, and timber have skyrocketed

due, in part, to the export levels of these commodities. The price of wheat, once an example of American overabundance, has still not stabilized in the continuing wake of the "great grain robbery"—the massive $2 billion sale of U.S. wheat and other grains to the Soviet Union.

Even a cursory examination of the percentage increases for exports of short supply or near short supply commodities underlines the gravity of the situation we are facing. From May 1973 to May 1974, exports of wheat increased by 142 percent, rice by 82 percent, ferrous scrap by 70 percent, fertilizer by 45 percent, and copper by 66 percent.

Not only has the sharp rise in the level of exports of short supply commodities worsened our spiralling domestic inflation, this increase has also had negative effects on employment related to such short supply commodities. The Cost of Living Council estimated that a 15 percent cutback in domestic petrochemical supply would result in 1.6 to 1.8 million lost jobs—raising the national unemployment rate by 1.1 percent.

The administration's policy toward controlling the expanding level of exports for short supply commodities has been schizophrenic at best. The administration stance has varied from refusing to take any corrective action—such as was the case during the last year with petrochemicals—to the disastrous implementation of across the board export controls—as was the case with the now infamous soybean embargo of June 1973.

Let me take a moment to examine in more detail, the administration policy with regard to a few key short supply commodities.

WHEAT

It is indeed ironic to think of wheat as a commodity that is even potentially in short supply. For years, wheat provided the very symbol of American overabundance. Yet, within a period of 2 years, wheat and related grains have reached the potential of such drastic shortages that the American consumer has had to pay an increase of more than a third, from $.26 to $.35 for a loaf of bread.

What made this disastrous situation possible, of course, was the administration's $2 billion sale of wheat and related grains to the Soviet Union in 1972. Personally, I do not believe in a policy that is so shortsighted as to sell American wheat to the Soviet Union for $1.63 a bushel, and then to find within 2 years time, we are faced with the possibility of a serious wheat shortage here at home, followed by a Russian offer to sell us back our own wheat at $4 a bushel—nearly two and one-half times the original price. Compounding this economic disaster was a Government subsidy program—paid for by the American taxpayer—which compensated the large grain dealers for the difference between the $1.63 paid by the Russians, and the current market price—a difference which ranged up to three times the amount paid by the Russians.

Admittedly, when the Russian wheat deal was negotiated, American wheat was not in short supply. Indeed, the opposite was true. The point here, however, is that the administration's monitoring of the actual amount of wheat being sold to the Soviet Union was so lax that by the time the administration's policy had been in effect for 2 months, the price of wheat on the domestic market had doubled. That spells inflation.

SCRAP IRON AND STEEL

Let us turn for a moment to scrap iron and steel. In late January of 1973, following 4 months of continually rising scrap prices, representatives of the steel and foundry industries met with officials of the Department of Commerce. The industry representatives stated that the steel and foundry industries would need a record 41.5 million tons of purchased ferrous scrap in 1973.

In the meantime, leaders of the scrap industry were openly projecting scrap exports for the first half of 1973 at an annual level of 12 million tons. Thus an unprecedented 53.5 million tons of scrap steel was deemed necessary to satisfy both domestic and foreign markets; it was clear there was not enough scrap to meet this total demand.

Requests for limitations on ferrous scrap exports fell on deaf ears. Prices rose accordingly, and on May 8, 1973, more than 3 months after the steel and foundry industries warnings, Secretary Dent announced that he was "extremely concerned" about price increases for ferrous scrap. Stating that the Department lacked "up-to-date information" the Secretary announced that a reporting procedure was being instituted. Under this program, exporters were required to report immediately to Commerce all orders accepted for 500 tons or more.

Finally, on July 2, 1973, Secretary Dent announced:

> I have determined that the criteria set forth in the Export Administration Act have been met by this commodity.

Whereupon the administration established a month-by-month licensing of scrap exports. The quota control system instituted last July remains in effect today, with a global quota of 2.1 million tons per quarter. Industry spokesmen feel this limitation remains much too high to effectuate any real control.

The effect of this limited action on the price of domestic scrap has been disastrous. By April 1974, scrap was selling at $170 per ton—more than triple the prevailing price at the close of 1972. That spells inflation.

PETROCHEMICALS

The drastic increase in the level of exports of plastic resins and other petrochemical feedstocks is something that I can speak to from a position of familiarity. Last December and then again in February of this year, I became so concerned with the domestic shortage of petrochemicals, I wrote to Secretary Dent asking him to use the authority granted him under the Export Administration Act to invoke export limitations on petrochemicals.

By mid-March, with nearly 3 months gone since my original contact with the Department of Commerce and the supply shortage for small plastic processors deteriorating, I called upon the General Accounting Office to investigate the economic consequences of a plastic resin and petrochemical shortage as well as the administration's response to this crisis.

We now have figures which show the administration's response to the petrochemical shortage—limited to the abrupt termination of domestic price controls which succeeded in driving the wholesale price index for 10 plastic resins up 27.6 percent in 2 months. Sample increases in that same 2-month period included a 35.7 percent rise in the wholesale price of polyvinyl chloride resin and a 49.4 percent rise for general purpose polystyrene resin. The administration's policy did nothing to increase the domestic supply of plastic resin and other petrochemical feedstocks, it simply pushed the domestic prices for these commodities upward.

That spells inflation.

SOYBEANS

While the Administration responded in only a halfhearted fashion to export controls of scrap iron and steel and not at all to petrochemical exports, it responded to the shortage of soybeans from the other extreme.

After 2 years of ever-increasing domestic prices and expanding exports, in June of 1973, the Administration clamped down an embargo on all U.S. exports of soybeans. This ill-conceived move was disastrous both domestically and in terms of our foreign relations with Japan—dependent upon the United States for 92 percent of her soybean imports.

Once again, we see Administration policy based on the absence of pertinent, adequate, or timely information. Again, as with the Russian wheat deal, we find the Administration reacting in a dumbfounded manner to its blunders. In the case of soybeans, the Administration tried to recoup its losses by removing the ill-conceived embargo after only 5 days duration. Surely we owe it to the American farmer to see that we have an orderly market mechanism which can respond based on factual and timely information so as to avoid such disasters in the future. Our farmers need foreign markets; but they also need policies which will avert severe price fluctuations.

All these examples—wheat, scrap steel, petrochemicals, and soybeans—point to the need for an accurate information system upon which Congress may base its assessment of Administration actions regarding export controls of short-supply commodities. Personally, I do not believe in the use of export controls except in the most extreme and dire instances. But when such controls do prove necessary for the protection of our domestic economy, then we must have in effect a system which provides us with accurate, pertinent, and timely information upon which to base our decisions. Over the last year, the American consumer is having to pay for the 75-percent rise in the price of white bread flour; American automobile manufacturers are having to pay 70 percent more for scrap steel; and American farmers are having to pay 45 percent more for petrochemical fertilizers. Clearly the absence of a coherent policy with regard to the exportation of short-sup-

ply commodities and their effect on domestic price stability has caused us to lose ground in our war with inflation.

My distinguished colleague, Mr. STEVENSON, has made a valuable contribution in addressing this problem through the Export Administration amendments in requiring the Department of Commerce to institute a more formalized monitoring system for exports; nevertheless, I feel that the legislative branch of our Government has an equal obligation to remain informed in an area where Administratoin inaction has fostered inflation. Only with adequate, independent data can Congress reliably assess the performance at the Commerce Department, and be able to take action on its own when that is necessary.

Therefore, Mr. President, I offer this amendment to require the Comptroller General to begin a continuous monitoring and assessment of all short supply or potentially short supply commodities, the domestic price of such commodities, and the export level of these commodities.

Under my amendment, the Comptroller General is required to evaluate such factors as the current and projected domestic shortage of key commodities, the status of both domestic price and employment factors in industries related to such commodities, and the anticipated domestic and foreign demand for such commodities.

In addition, GAO is called upon to assess the need for additional export controls of any commodity in short supply, the time and manner in which such controls should be implemented, and the recommended duration of such controls.

Also, GAO is required to issue regular reports to the Congress summarizing these findings. We can expect such reports to be at least once or twice annually. In addition to the regular reports, the Comptroller General is directed to make special reports to the Congress at any time he feels that the level of exports of a commodity in short supply so threatens domestic price or employment stability that immediate congressional action is warranted.

My amendment establishes an information gathering system for the Congress that will enable us to keep abreast of necessary and relevant economic data. The Temporary Commission on Supplies and Shortages proposed by the distinguished majority leader (Mr. MANSFIELD) embodied a similar concept—the necessity of gathering information which encompassed future predictions on domestic shortages. My amendment would make such a concept a permanent fixture. With the continuous monitoring of prices and exports of short supply commodities, GAO will be able to keep the Congress in the posture of being able to act—act, Mr. President, not react—in an informed and rational basis to any serious threat to domestic price stability or employment.

I am pleased to say that my amendment has the support of the very able Comptroller General, Mr. Staats, with whom I discussed this measure, as well as numerous groups who speak for those very industries so threatened by current policies. My staff has received the verbal backing of the American Bakers Association, the Organization of Plastics Processors, and the Cast Iron Pipe Research Association.

It is important to remember that my amendment does not necessarily require future congressional action with regard to export controls. It in no way interferes with the authority presently exercised by those committees currently overseeing our export policies. What it does do, is provide a mechanism which fosters informed, and timely decisions, made in a systematic as opposed to an ad hoc or crisis related manner. For too long, Mr. President, the Congress has only been able to react to such seriously damaging inflationary crisises. It is now the time, some would say way past the time, when Congress should begin to develop the capacity to act not react. The information gathering process created under my amendment would allow Congress to be able to perform in just this manner.

Mr. President, I do not know of any problem that concerns more people in the country today than the problem of inflation. One of our basic problems is that in the way we have dealt with the production of our resources here and the distribution, particularly the export of resources, we have followed a policy which, unfortunately, has oftimes given more attention to the profit structure of certain large corporations than to the concerns for the people. More often, we have followed a policy which benefits the consumers in foreign lands rather than the consumers in our country.

I want to salute the distinguished Senator from Illinois, the distinguished Senator from Oregon, and others who have worked on this bill. I think it makes a significant contribution in assessing just where we are so far as the possibility of the exportation of sorely limited supplies is concerned.

This amendent would provide an independent source of information, a review of information, which is provided by the Commerce Department, and would make this information available to us in Congress from the General Accounting Office.

I have discussed this matter at some length with the Comptroller General. He has no objection to it. We have not established a separate independent office within GAO, nor have we specifically mandated that the report should be made quarterly. But we do anticipate that the Comptroller General will use the necessary resources to keep us on top of just exactly what is happening in areas such as scrap metal, certain kinds of agricultural products, the petrochemical industry, and so forth, and then will report back to us, so that we can have an independent source of information and be able to doublecheck on what the Commerce Department is doing.

Mr. STEVENSON. Mr. President, there is one point about this amendment that should be clarified.

As I understand it, the intention of the amendment is not to create another monitoring agency with the power to require basic data from businesses, from farm groups, from exporters, and the like. The proposal, as I understand it, is to give the General Accounting Office the authority to monitor the monitor, to review the activities of the Commerce Department under this legislation, and, on the basis of that review of data and its reports, makes recommendations to Congress.

I do not think I could support this amendment if it were going to create another agency, if it would authorize GAO to duplicate activities of the Commerce Department and the gathering of data causing inconvenience to businesses, farm groups, and others. If on the other hand it is clearly, as I believe it is, intended, to simply put the Comptroller General in the position of reviewing the monitoring procedures and the implementation of an export control policy, of making recommendations to the Congress, drawing on other agencies of government for facts, why I certainly would not oppose it.

I think if that is a proper interpretation as it stands amended, that the Comptroller General in this capacity could be of great assistance to the Congress.

Mr. BAYH. Basically, I want to say to my distinguished colleague from Illinois that the Comptroller General would provide a reviewing function of what is happening down at the Department of Commerce, but I see no reason for the amendment unless he is also permitted in those instances where he finds fault with what Commerce is doing to seek independent data and give us the advice of his independent judgment.

We do not want to duplicate what the Department of Commerce is doing, but I do not think we will be foreclosed from having our branch of the GAO give us independent data if it is felt the Commerce Department is not giving us the right data.

Mr. STEVENSON. The concern I have is not so much with independent data as it is with the collecting of the data.

The Senator from Indiana in this amendment gives the Comptroller General the authority to request information of other agencies of the Government. I do not see any authority here for the Comptroller General to set up his own independent monitoring agency and go out duplicating the activities of the Commerce Department requiring reports from businesses, farm groups, and the like.

It seems to me that the purpose could be fulfilled with information from other agencies, and the ultimate purpose of just giving ourselves reliable data is accomplished by assuring through the GAO that the Commerce Department's information-gathering techniques are reliable and that they are functioning properly in acquiring the data that we need.

Mr. BAYH. Well, I think we are saying the same thing, but I think I want to emphasize that if this is to be a legitimate review, as I think the Senator from Illinois wants and certainly the Senator

from Indiana wants, then we have to say to the Comptroller General, alert us if you, from other sources, can make the judgment that what the Commerce Department is doing is wrong or the information they are giving us is either wrong or can be interpreted in a different way.

Mr. STEVENSON. Certainly, GAO in performing this function might take spot checks to determine the reliability of the basic data that the Commerce Department is acquiring.

I think that is reasonable, but I do not believe there is any misunderstanding about the intent or purpose of this amendment. I have discussed it with the Senator from Oregon.

Mr. PACKWOOD. Mr. President, we have no objection to this amendment or to the Senator's other amendment relating to Alaska oil and would be prepared to accept them both.

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

Mr. STEVENSON. Mr. President, may I suggest we first move to the consideration of amendment No. 1610. I believe that is the pending question.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 1610.

The amendment was agreed to.

AMENDMENT NO. 1609

Mr. BAYH. Mr. President, I suggest we return to the previous amendment that was temporarily laid aside.

The PRESIDING OFFICER. The clerk will state the amendment No. 1609.

The legislative clerk reads as follows:

SEC. . Section 28(u) of the Mineral Leasing Act of 1920 (30 U.S.C. 185) is amended by inserting immediately after "quantity and quality of petroleum available to the United States" the following: "or results, directly or indirectly, in any increase in the price thereof".

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. BAYH. I have no further discussion.

The PRESIDING OFFICER. The question is on agreeing to the pending amendment (No. 1609).

The amendment was agreed to.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

AMENDMENT NO. 1630

Mr. HARTKE. Mr. President, I send to the desk amendment No. 1630, as modified, and ask that it be read.

The PRESIDING OFFICER. The clerk will read the amendment.

The legislative clerk proceeded to read the amendment.

Mr. HARTKE. 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, as modified, will be printed in the RECORD.

The amendment, as modified, is as follows:

On page 6, between lines 16 and 17, insert the following new section 6, renumbering section 6 as section 7 and subsequent sections accordingly:

SCRAP IRON AND STEEL

SEC. 6. Section 4 of the Export Administration Act of 1969, as amended by section 3 and section 5 of this Act, is amended further by adding at the end thereof the following new subsections:

"(h)(1) For the fiscal year 1975, not more than five million tons of iron and steel scrap may be exported from the United States, including the District of Columbia, the Canal Zone, the Commonwealth of Puerto Rico, and all the territories, dependencies, and possessions of the United States.

"(2) The Secretary of Commerce is directed to allocate the iron and steel scrap that may be exported under (1) of this subsection consistent with the present allocation of iron and steel scrap exercised pursuant to the authority of this Act.

"(3) The Secretary of Commerce shall license exporters of iron and steel scrap in order to carry out this subsection.".

Mr. HARTKE. Mr. President, I have modified my amendment by striking the words "balance of" on line 6, thereby making the export controls I propose apply to the whole of fiscal year 1975 rather than the remainder.

Mr. President, on December 13, 1973, I detailed my concern about the critical short supply of iron and steel scrap and requested limiting exports of this commodity for fiscal year 1974. Unfortunately, Congress was not able to act on this measure at that time. However, my proposal alerted the Department of Commerce to the critical situation and that department made a weak attempt to alleviate the problem.

A critical short supply of iron and steel scrap still exists and in order to ease the present condition, I am offering this amendment which would limit exports of this scarce commodity to no more than 5 million tons for fiscal year 1975.

Such domestic supplies caused by excessive exports have added substantially to increased prices fueling domestic inflation. The Department of Commerce announced recently that in June of this year, scrap steel exports were at a yearly high. In June, over 922,000 tons of scrap were exported, bringing the cumulative total for the first 6 months of 1974 to 4.890 million tons.

The Department of Commerce has specified that they would license only 2.1 million tons per quarter. This would be 4.2 million tons for 6 months, yet 4.890 million tons have already been shipped out this year—690,000 tons over the Department's promised limit on exports in 1973.

If this excess policy is continued by the Commerce Department, total exports of scrap will reach over 9 million tons, only 2 million tons less than exports in 1973. It was the expressed purpose of the Department to limit exports, but that, in fact, is not happening.

The ferrous scrap situation threatens job stability, industrial growth and the American steel industry's ability to supply the Nation's need for steel.

Today, inventories of ferrous scrap have shrunk to their lowest level since World War II. As confirming evidence of shortages of scrap, especially in essential grades and sizes, scrap prices have soared far above their previous highs.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point an article entitled "Higher Scrap Costs Loom on the Horizon," written by Walt Bohne and published in the American Metal Market of July 25, 1974.

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

HIGHER SCRAP COSTS LOOM ON THE HORIZON

(By Walt Bohne)

CHICAGO.—Brokers bidding for July auto stamping plant bundles are predicting they'll draw prices in excess of the $155 per ton average attracted a month ago, based on recent ferrous scrap sales by the Erie Lackawanna and Baltimore & Ohio Railroads.

These recent rail sales which brought from $18 to $25 per ton more than they had a month earlier, are seen by traders as a barometer for the August ferrous scrap market.

Railroad scrap sales last week by the Penn Central Railroad substantiated the recent trend to higher scrap costs. Pennsy offerings brought $163 a ton for Class 24 railroad steel (listed generally as No. 1 railroad steel).

This category is generally on a par with No. 1 industrial heavy melting which is currently being listed in the district at $145 a ton and in Pittsburgh at $160 a ton.

STEEL AXLES HIGH

The highest priced item sold on the Pennsy scrap list was steel axles at $201 a ton, compared with 169 a ton paid a month ago by the top bidder.

This price breaks the $200 barrier for a top grade of scrap steel for the first time in history, observed one trader.

Other items went to high bidders at levels ranging from $141 to $190 a gross ton, in most cases delivered over the Pennsy's national rail network. Railroad specialties brought $171 a ton; scrap rail $180 a ton; and rerolling rail $190 a gross ton.

PRICE RANGES

The price range commanded by railroad scrap reflects an across-the-board price range for both prepared and unprepared material.

Some traders look for this pattern to rub off on the ferrous scrap market generally.

According to one source, the largest amount of auto scrap this month will come from the Vega producing plant in Lordstown, Ohio, which has been on strike for about a week.

Tonnage from Ford Motor Co. is not expected to change much from a month ago.

However, Chrysler Corp., which increased its tonnage offered by 30 percent in June, is expected to cut back by as much as one-half the auto scrap it offers this month.

Mr. HARTKE. Unless the Federal Government acts now to further limit exports of iron and steel scrap, steel mills and foundries in the United States will incur additional distruption in their production scheduling, at a time when domestic demand for iron and steep scrap continues at the highest level in history.

For well over 3 years, the foundry and steel industries' warnings have been answered with inadequate measures by the Commerce Department. As a result, the crisis has so deepened that only strong measures will now suffice.

Ferrous scrap makes up almost one-half of the total metallic input used in steelmaking. This scrap is especially critical for electric-furnace plants; their metallic input is almost 100 percent scrap. Of the projected 51.7 million tons of purchased scrap needed by the steel industry and foundries in 1974, approximately 29 million tons will be required by hundreds of smaller companies without blast-furnace facilities.

In all, to produce 150 million net tons of raw steel in 1974—the same amount as last year—plus 18 million tons of castings, the steel and foundry industries will need 51.7 million net tons of purchased ferrous scrap, or 8 million tons more than in 1973.

The increased need stems from two main causes:

First. There will be less pig-iron production in 1974. That is a consequence, among other things, of the tight supply of metallurgical coal, further compounded by the widespread shutdown recently of coal mines in West Virginia.

Second. There will be 3 million fewer tons of scrap available from in-plant sources in 1974, because of the heavy draw-down of inventories in 1973 to meet demand for finished steel.

The steel industry, with the support of the United Steelworkers Union and foundry companies, is asking that present scrap exports currently authorized at a monthly rate of 700,000 tons, an annual rate of 8.4 million tons, be reduced to assure an effective response to the scrap shortage. Part of the answer would be to limit exports of ferrous and stainless scrap to no more than 5 million tons for fiscal year 1975.

What is the history of the export of scrap steel? Based on its analysis of rising domestic and world steel demand, in late 1972, the steel industry warned the Commerce Department that a serious scrap shortage would develop in 1973 and that this situation could worsen as world demand for steel continued to increase. That is what happened.

In the last 6 months of 1972, exports of ferrous scrap were running well ahead of averages over the previous 10 years.

The pace quickened still more at the turn of 1973. Compared with 1 year earlier, export tonnage in December 1972 was up 90 percent; in January 1973, it was up 160 percent.

Translated into an annual rate, as the steel industry pointed out to a congressional committee in March 1973, this amounted to 13.3 million net tons. By contrast, the annual average over 10 preceding years was 7.4 million tons.

During the abnormal surge in exports of American ferrous scrap, demand at home for this essential raw material was mounting.

In December 1972, the steel and foundry industry asked the Commerce Department to limit exports to a reasonable level. Specifically, the industry asked that they be limited to an annual figure of about 7 million tons—600,000 tons a month.

The Government did not act until July 1973, and then it took only limited action. It was a case of too little, too late. When the books closed last year, 11.3 million tons had gone to export, badly depleting available domestic stocks.

To grasp the impact of high exports on domestic supply, consider this: Last year, 5.3 million additional tons of ferrous scrap were added to the U.S. supply. Yet, of this increase, 3.9 million tons went abroad in exports, leaving only 1.4 million tons for domestic use.

In 1973, the supply of purchased scrap reached a level of 54.6 million net tons—including exports of 11.3 million tons. Part of this supply had been accumulated in late 1972, and shipped to coastal ports for export in 1973. Getting this much supply in 1974 is unlikely due to this year's projected decline in prompt industrial scrap—largely automotive—and to the fact that last year, high domestic demand combined with an unprecendented rise in exports caused a serious scrap shortage. This year, however, even if the supply of purchased scrap reaches the level achieved last year, projected domestic demand of 51.7 million tons in 1974, will require that exports be limited to 3 million tons this year—if domestic requirements are to be met. The alternative: Scrap exports at a higher level will result in a proportionate decline in the amount of finished steel available to meet the needs of the domestic economy.

Finally, I ask my colleagues to consider what is done by countries of Western Europe and by Japan.

Except when home demand is low, they forbid or, at best, allow only minimal exports of scrap. Last year, for example, scrap exports out of the European Economic Community, a steel market comparable to our own, approximated only 400,000 tons, compared with the 11.3 million tons exported by the United States.

As worldwide demand was soaring, Britain, in September 1972, imposed an embargo closing off its exports of ferrous scrap except for a few low-quality grades.

Thus, while other industrial countries assure their own needs for ferrous scrap, the United States alone permits massive and unprecedented exports of this essential commodity. In doing so, it has, among other things, put its own steelmakers and foundries at an unfair disadvantage.

Certainly, in line with America's new realization that raw materials are in finite supply, Government on the one hand and concerned industries on the other, should develop long-term programs for scrap recovery. But longer term programs cannot answer the immediate need to maintain production operations.

Mr. President, the need for this amendment is clear. Potential adverse economic consequences of steel and iron shortages grow more severe with each passing week. The Congress must meet its responsibilities and take corrective action immediately.

For that reason, I urge the adoption of my amendment.

Mr. PACKWOOD. Mr. President, I have grave misgivings about this amendment. In the committee we have had numerous hearings on the subject. We have had both the scrap exporters and the purchasers of scrap come in and testify.

I found that the greatest part of the problem came during the wage and price control era, when we had a freeze on the price of scrap in this country, and it was much more profitable at that time to sell scrap overseas, where there was no limitation on price, although that was a problem we had with some other domestic products at that time also.

Second, I find that the steel companies now are exporting someplace between 10 and 15 million tons of steel a year, and if they are in a position to export this overseas in the form of finished products, I think it is unfair that they ask for the right to have that export market for themselves and, at the same time, want the scrap dealers to subsidize the purchase of their raw materials so that they can engage in a profitable overseas market.

Third, we have this situation under reasonable control now with the limitations placed by the Secretary of Commerce under the Export Control Act, and I would have misgivings about freezing into law a fixed amount, as I look at it now under your amendment, not for the remainder of the fiscal year but the start of the fiscal year, and I think it would be unwise under the circumstances to freeze a fixed amount under law when we are not sure what the market conditions are going to be 6, 7, 8 months hence, and especially since the exporters of steel are exporting overseas at a good profit to themselves.

Mr. HARTKE. I feel what we are going to do is to affect the inflationary condition of this country. Steel prices are going to continue going up higher and higher. Ferrous scrap exceeded for the first time $200 a ton. Shippings by Penn Central—it is still the biggest shipper of scrap—are reaching an all-time high.

The difficulty, very simply, is when the Senator says he finds this situation developed during the price freeze, I do not think the facts will substantiate that. The fact of the matter is that this year alone what we have here is even with the attempt by the Commerce Department to give lip service to some type of export control, which they have done in a haphazard and half-hearted fashion, it demonstrates specifically that in the first six months of this year they are going to exceed the annual allocation they set up by their own decision.

It is not merely a question of the steel mills themselves, it is a question of every-

body concerned in the United States as to whether we are going to be more dependent upon foreign steel and put our own people out of work simply because we are shipping the scrap overseas.

One of the reasons I have indicated in my statement is that these other countries have lower-priced scrap at home which they protect in their own markets, and then they subsidize and add to the amount of scrap they have by going into the world market, and especially into the United States, and can afford to bid up the price.

For example, on the transportation costs alone, one shipper out of Connecticut said he could ship his scrap in such a way that it would only cost him $7 to go ahead and have that type of scrap bought and shipped to Japan, where it would cost $12 to ship it over to Pittsburgh. So we can see very readily what has happened here, and what we are doing is we are continuing some of the folly that we purposed in the early part of the 1930's when Japan because a big user of our scrap at that time, for a different purpose maybe, and we were willing to go ahead and continue to export our own domestic supply.

There is no question, and I do not think that anyone in the hearings before this committee, can contravene the fact that, as far as the scrap metal is concerned, we are in short supply. It is necessary for our domestic steel industry. The net effect of not putting in this type of control is to really not alone deplete our natural resources of scrap ferrous metal, but also, at the same time, substantially decrease the production capacity of our American steel mills. If we want to go ahead and bankrupt the United States, a vote against this amendment is a vote to bankrupt the United States in this one particular industry.

Mr. STEVENSON. Mr. President, I first want to commend the Senator from Indiana (Mr. HARTKE) for bringing this serious matter to the attention of the Senate.

As the Senator from Oregon (Mr. PACKWOOD) mentioned, it is not a matter which has escaped the attention of the Banking Committee. In fact, we have held hearings on the ferrous scrap shortage, and we have considered other proposals to limit exports of ferrous scrap.

As the Senator from Indiana points out, the scrap shortages and the high costs ripple out to the entire economy and become a source of inflation.

The question in my mind is one of methodology; and it is a question of whether the Congress is a proper body to mandate an export level or whether it is the Department of Commerce.

We have many such situations before us, and I just doubt the wisdom or the capability of Congress in legislating levels of exports for commodities. If we did it in this case, there would be no reason for not doing it in another case in which the shortage is just as severe and the inflationary consequences just as serious.

After considering this shortage and other shortages, the committee has taken the position that what we ought to do is try to reform the administration of export policy by the Department of Commerce. As one means of doing that, this bill, if enacted, would establish a new monitoring requirement that would give the Department of Commerce more reliable and better information with which to impose export controls and also give Congress a better opportunity to evaluate the Commerce Department's performance should that become necessary.

It is for that philosophical reason that I have to oppose this amendment. It is not for any lack of concern. In fact, I have introduced similar legislation in the past.

It is because I think the Department of Commerce, with the monitoring provisions that will be enacted into law and with the ability to act today in response to changing circumstances, is in a far better position to monitor exports and to impose export controls than is Congress. In fact, it has already acted in the case of ferrous scrap.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the pending amendment. I understand that is the desire of the Senator from Indiana (Mr. HARTKE).

Mr. HARTKE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. GRAVEL). Is there a sufficient second? There is not a sufficient second.

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

Mr. MANSFIELD. Mr. President, would the Senator withhold that?

Mr. HARTKE. Yes, I will.

Mr. MANSFIELD. Mr. President, I ask unanimous consent, barring unforeseen developments, that the vote on the pending amendment occur at the hour of 2 o'clock. If anything unanticipated comes up this will be vitiated.

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

Mr. MANSFIELD. Mr. President, let me correct that to not to exceed 2 o'clock.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

Mr. HARTKE. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. Yes.

Mr. HARTKE. Mr. President, I wish to comment briefly on what the Senator from Illinois has said.

What we are doing here is dealing basically with a problem where there was a surrender of constitutional authority and a delegation of legislative authority to the Department of Commerce. The Export Control Act was passed because the authority to regulate commerce is strictly in the Congress. That delegation was made, and, in the report itself, there is a statement by the committee in support of this bill stating that the Commerce Deparment had failed to interpret his delegation of authority in the manner in which the Congress had intended; that they had been far too strict in their definition of when they should move in the field of export controls.

The argument made by the Senator from Illinois does not deal with the merits of the amendment. As I understand it, he is just arguing about the procedure which is to be followed.

Really, all this amendment does is to tighten up the formula. This provides for a formula for control of export of an item which is in short supply. The change made by the committee provides that it will no longer be necessary for demand to be abnormal before export controls may be imposed. Instead, the controls may be used when foreign demand results or will result in an excessive drain of domestic material and serious inflation.

Both those factors are involved here. There is a serious drain of domestic supply which is contributing to inflation. So there are all the elements here present.

There is no argument against the merits. Not one single argument has been presented on this floor, not one single argument was presented in the committee against the merits of this type of amendment. As I said before, all we are doing is modifying the formula. The mechanism does not change.

We are simply providing that in this field, at least, there is an effort here and an obvious opportunity to control inflation.

So we have two propositions facing us. We want to control inflation, and this will be a control on inflation. If we want to prevent the abnormal drain of an item which is in short supply, we can do that at the same time that we can provide for a continuation of a vital and very necessary domestic energy supply, and also for a domestic steel source.

Mr. President, I see no argument against this amendment at all, except for the fact that it was not included in the committee. Maybe they feel somewhat chagrined that they did not include it.

The PRESIDING OFFICER. Who yields time?

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

ORDER WITH RESPECT TO VOTE ON CLOTURE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that with respect to the vote on the motion to invoke cloture, that all amendments that are at the desk at the time the vote occurs qualify under the reading requirement of the rules.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

SURFACE MINING CONTROL AND RECLAMATION ACT OF 1974

Mr. MANSFIELD. Mr. President. I ask the Chair to lay before the Senate a message from the House of Representatives on S. 425.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 425) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes, with amendments which were to strike out all after the enacting clause, and insert:

That this Act may be cited as the "Surface Mining Control and Reclamation Act of 1974".

TABLE OF CONTENTS

TITLE I—FINDINGS AND PURPOSES
Sec. 101. Findings.
Sec. 102. Purposes.
TITLE II—CONTROL OF ENVIRONMENTAL IMPACTS OF SURFACE COAL MINING
Sec. 201. Initial regulatory authority.
Sec. 202. Permanent environmental protection standards.
Sec. 203. State programs.
Sec. 204. Federal program.
Sec. 205. Resubmittal of State program.
Sec. 206. Designating areas unsuitable for surface coal mining.
Sec. 207. Effect on State law.
Sec. 208. Permits.
Sec. 209. Permit approval or denial.
Sec. 210. Application requirements.
Sec. 211. Environmental protection performance standards.
Sec. 212. Surface effects of underground mining operations.
Sec. 213. Revision and review of permits.
Sec. 214. Public notice and public hearings.
Sec. 215. Decisions of regulatory authority and appeals.
Sec. 216. Posting of bond.
Sec. 217. Bond release procedures.
Sec. 218. Suspension and revocation of permits.
Sec. 219. Inspections and monitoring.
Sec. 220. Federal enforcement.
Sec. 221. Judicial review.
Sec. 222. Review by the Secretary.
Sec. 223. Establishment of right to bring citizen suits.
Sec. 224. Penalties.
Sec. 225. Federal lands.
Sec. 226. Special bituminous coal mines.
Sec. 227. Anthracite coal mines.
TITLE III—INDIAN LANDS PROGRAM
Sec. 301. Grants to tribes.
Sec. 302. Coal leasing.
Sec. 303. Approval of program.
Sec. 304. Administration by the Secretary.
Sec. 305. Existing operation.
Sec. 306. Federal program.
Sec. 307. Personnel.
Sec. 308. Authorization priority.
Sec. 309. Reports to the Secretary.
Sec. 310. Reports to Congress.
Sec. 311. Enforcement.
TITLE IV—ABANDONED MINE RECLAMATION
Sec. 401. Abandoned coal mine reclamation fund.
Sec. 402. Objectives of fund.
Sec. 403. Eligible lands.
Sec. 404. Reclamation of rural lands.
Sec. 405. Acquisition and reclamation of abandoned and unreclaimed mined lands.
Sec. 406. Filling voids and sealing tunnels.
Sec. 407. Fund report.
TITLE V—OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT
Sec. 501. Creation of the office.
TITLE VI—A PROGRAM FOR NON-COAL-MINE ENVIRONMENTAL IMPACT CONTROL
Sec. 601. Designation of lands unsuitable for mining of minerals other than coal.
TITLE VII—APPROPRIATION AUTHORIZATION; DEFINITIONS; AND GENERAL PROVISIONS
Sec. 701. Authorization of appropriations.
Sec. 702. Relation to other laws.
Sec. 703. Employee protection.
Sec. 704. Study of subsidence and underground waste disposal in coal mines.
Sec. 705. Definitions.
Sec. 706. Grants to the States.
Sec. 707. Research and demonstration projects.
Sec. 708. Research and demonstration projects on alternative coal mining technologies.
Sec. 709. Annual report.
Sec. 710. Protection of the surface owner.
Sec. 711. Severability.
Sec. 712. Protection of Government employees.
Sec. 713. Experimental practices.
Sec. 714. Alaskan surface coal mine study.
Sec. 715. Preference for persons adversely affected by this Act.
Sec. 716. Assistance to persons unemployed as a result of this Act.
TITLE VIII—STATE MINING AND MINERAL RESOURCES RESEARCH INSTITUTES
Sec. 801. Authorization of State allotments institutes.
Sec. 802. Research funds to institutes.
Sec. 803. Funding criteria.
Sec. 804. Duties of the Secretary.
Sec. 805. Autonomy.
Sec. 806. Authorization for other research programs.
Sec. 807. Miscellaneous provisions.
Sec. 808. Center for cataloging.
Sec. 809. Interagency cooperation.
Sec. 810. Advisory committee.

TITLE I—FINDINGS AND PURPOSES

FINDINGS

SEC. 101. The Congress finds that—

(a) the extraction of coal by underground and surface mining from the earth is a significant and essential activity which contributes to the economic, social, and material well-being of the Nation;

(b) there are surface and underground coal mining operations on public and private lands in the Nation which adversely affect the environment by destroying or diminishing the availability of land for commercial, industrial, recreational, agricultural, historic, and forestry purposes, by causing erosion and landslides; by contributing to floods and the pollution of water, land, and air; by destroying public and private property; by creating hazards to life and property; and by precluding post-mining land uses common to the area of mining;

(c) surface and underground coal mining operations presently contribute significantly to the Nation's energy requirements, and substantial quantities of the Nation's coal reserves lie close to the surface, and can only be recovered by surface mining methods, and therefore, it is essential to the national interest to insure the existence of an expanding and economically healthy coal mining industry;

(d) surface and underground coal mining operations affect interstate commerce, contribute to the economic well-being, security, and general welfare of the Nation and should be conducted in an environmentally sound manner;

(e) the initial and principal continuing responsibility for developing and enforcing environmental regulations for surface and underground coal mining operations should rest with the States; and

(f) the cooperative effort established by this Act is necessary to prevent or mitigate adverse environmental effects of present and future surface coal mining operations.

PURPOSES

SEC. 102. It is the purpose of this Act to—

(a) establish a nationwide program to prevent the adverse effects to society and the environment resulting from surface coal mining operations and surface impacts of underground coal mining operations;

(b) establish priorities to the extent necessary in the nationwide program among the various types and individual operations of mining activities, their impacts on the environment, and the locations of mining relative to population concentrations and impacted land uses;

(c) assure that the rights of surface landowners and other persons with a legal interest in the land or appurtenances thereto are fully protected from such operations;

(d) assure that surface coal mining operations are not conducted where reclamation as required by this Act is not feasible;

(e) assure that surface coal mining operations are so conducted as to protect the environment;

(f) assure that adequate procedures are undertaken to reclaim surface areas as contemporaneously as possible with the surface coal mining operations;

(g) assure that the coal supply essential to the Nation's energy requirements, and to its economic and social well-being is provided;

(h) assist the States in developing and implementing a program to achieve the purposes of this Act;

(i) promote the reclamation of mined areas left without adequate reclamation prior to the enactment of this Act and which continue, in their unreclaimed condition, to substantially degrade the quality of the environment, prevent or damage the beneficial use of land or water resources, or endanger the health or safety of the public; and

(j) assure that appropriate procedures are provided for the public participation in the development, revision, and enforcement of regulations, standards, reclamation plans, or programs established by the Secretary or any State under this Act.

TITLE II—CONTROL OF ENVIRONMENTAL IMPACTS OF SURFACE COAL MINING

INITIAL REGULATORY PROCEDURE

SEC. 201. (a) No person shall open or develop any new or previously mined or abandoned site for surface coal mining operations on lands on which such operations are regulated by the State unless such person has

ORDER FOR CONSIDERATION OF DEPARTMENT OF TRANSPORTATION APPROPRIATIONS, 1975—UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I should like to make a request while the distinguished Republican leader is on the floor. I ask unanimous consent that the Department of Transportation appropriation bill be the first order of business at the conclusion of morning business on Friday, with the time limitation being 1 hour, equally divided between the Senator from West Virginia and the Senator from New Jersey; that there be a time limitation on any amendment, debatable motion, or appeal of 30 minutes, and the division with regard to the control of time be in the usual form.

The PRESIDING OFFICER. Is there objection? If not, it is ordered.

INCREASED U.S. PARTICIPATION IN THE INTERNATIONAL DEVELOPMENT ASSOCIATION

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the papers on S. 2665 be messaged to the House of Representatives.

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

EXPORT ADMINISTRATION ACT AMENDMENTS OF 1974

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to consideration of S. 3792, the Export Administration Act.

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of Senate bill 3792, which the clerk will report by title.

The legislative clerk read as follows:

S. 3792, a bill to amend and extend the Export Administration Act of 1969.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Is further discussion of the pending business under a time limitation?

The PRESIDING OFFICER. Yes, the Senator is correct. The time for debate on this bill shall be limited to 2 hours, to be equally divided and controlled by the majority and minority leaders or their designees, with 30 minutes on any amendment except one to be offered by the Senator from New York (Mr. JAVITS) on which there shall be 40 minutes, and with no time limitation on any debatable motion or appeal.

The pending question is on agreeing to the amendment of the Senator from Washington (Mr. JACKSON).

The amendment is as follows:

Section 4 of the Export Administration Act of 1969, as amended, is further amended by adding at the end thereof a new subsection 4(j) as follows:

On page 13, after line 18, insert a new section as follows:

"(j) (1) The Secretary of Commerce, after consulting with the Secretary of the Treasury, the Attorney General, and the Secretary of State, shall establish regulations for the licensing of exports of all police, law enforcement, or security equipment manufactured for use in surveillance, eavesdropping, crowd control, interrogations, or penal retribution.

"(2) Any license proposed to be issued under this subsection shall be reviewed by the Attorney General and shall be submitted to the Congress. The Congress shall have a period of sixty calendar days of continuous session of both Houses after the date on which the license is transmitted to the Congress to disapprove the issuance of a license by the adoption in either House of a resolution disapproving the proposed license.

"(3) The Secretary of Commerce, with the concurrence of the Secretary of the Treasury, the Attorney General, and the Secretary of State, may by regulation exempt individual countries and specific categories of police, law enforcement, or security equipment from the congressional review and disapproval authority set forth in paragraph (2) if he finds and determines export of the equipment would not threaten fundamental human and civil liberties."

The PRESIDING OFFICER. What is the pleasure of the Senate? Who yields time?

Mr. STEVENSON. Mr. President, may I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

The Senator from Washington is recognized.

Mr. JACKSON. Mr. President, I believe my amendment is pending, is it not?

The PRESIDING OFFICER. The Senator is correct.

Mr. JACKSON. Mr. President, this amendment arises out of the investigation conducted by a subcommittee that I chair, the Permanent Subcommittee on Investigations. Approximately two weeks ago it came to our attention that U.S. firms were scheduled to display in the Soviet Union, and offer for sale to the Soviets, sophisticated criminological devices. I directed the staff of the Permanent Subcommittee on Investigations to investigate this matter and establish, through sworn statements and other documentation, that this incredible report was, in fact, true. It was.

The investigation developed the fact that in the case of each company we interviewed that was scheduled to participate in the exhibition, the Commerce Department had been contacted and had advised either that no export license was required or that the materials would not fall under export control.

As I stated then, I feel that it is outrageous for American technology to be used to assist the Soviet security services in repressing the Soviet people. I feel it is essential, even though the Commerce Department has now issued instructions that such items are subject to license, that the Congress of the United States formally establish a position that we will not allow American technology to be used in this manner by any nation that engages in repressive police practices which deny their citizens due process and fundamental human and civil liberties.

Mr. President, what we are really doing here is to write into the law the requirement that this type of export must be licensed, and subject to congressional review.

I believe that anyone who is deeply committed—and I think all Senators are—to the preservation of civil liberties should support this amendment. The last thing the United States should do is to be a party to an effort to make more efficient the secret police services of any totalitarian state. This is the heart of the effort here. I hope the Senate will adopt this amendment.

Mr. STEVENSON. Mr. President, I support this amendment. The United States has no business aiding the oppressive activities of foreign countries. The amendment permits the Secretary of Commerce, with the concurrence of the Secretary of the Treasury, the Attorney General, and the Secretary of State, to exempt individual categories of equipment and individual countries, from the review provisions of the amendment. This would permit an exception for exports to friendly and democratic countries. I think it is a good amendment and would be glad to accept it.

Mr. President, I will yield the remainder of the time in opposition to this amendment to the Senator from Oregon.

Mr. PACKWOOD. Would the Senator from Washington yield for a question?

Mr. JACKSON. Yes.

Mr. PACKWOOD. I am confused by the third section, under which the Secretary of Commerce concurs with the Secretary of the Treasury and the Secretary of State and may, by regulations, exempt individual countries and specific categories, but has to make the finding that these countries do not threaten fundamental human or civil liberties. Is that correct?

Mr. JACKSON. That is correct.

Mr. PACKWOOD. In other words, if he does not make the finding that these countries fit within that definition, of not threatening fundamental human and civil liberties, then there can be no export?

Mr. JACKSON. There could be an export, but we would have the right of congressional review. There are totalitarian countries in addition to the Soviet Union that should not get this equipment. This is what we are aiming at.

Mr. PACKWOOD. As I read the amendment, we are going to have the right of review in any State.

Mr. JACKSON. No. It is confined to subsection (3) that says the Secretary of Commerce, with the concurrence of the Secretary of the Treasury, the Attorney General, and the Secretary of State, may, by regulation, exempt individual countries from congressional review, and disapproval authority set forth in paragraph 2 if they find—and this is the crucial part—and determine that the export of such equipment would not threaten fundamental human and civil liberties.

There is no problem in selling this equipment to democratic countries, but there are obviously certain countries in the world where I do not think we should

be a party to aiding and abetting repression.

Mr. PACKWOOD. I am still trying to understand how this works. I understand that these different Secretaries must confer and then the Secretary of Commerce will issue a statement that England does not threaten fundamental human and civil liberties, and then we could export this equipment to England. Is that right?

Mr. JACKSON. The way it works is that when an application for the export of the specific equipment comes in, they then make a judgment regarding whether the sale of the equipment would threaten fundamental human and civil liberties.

I believe I know what concerns the Senator from Oregon. That is the question of whether the Federal agency must immediately list the countries that meet the test of not denying human and civil liberties.

As I see it, that is not the way it would work. The way it would work is that when applications come in, for example, with respect to a totalitarian government in South America, and they want to get police equipment, the administration would be required, under this section, to state whether or not that country does in fact deny and threaten fundamental human and civil liberties.

Mr. PACKWOOD. My problem goes a little deeper than that, because what to me are fundamental human and civil liberties would include freedom of the press, freedom of assembly, and many of the things we would take for granted that are in our Bill of Rights.

The Senator's definition would probably include all the countries of Africa that are under military dictatorships, most of the countries of Asia, and most of the countries of the world, I think, because in one form or another they threaten fundamental human and civil liberties, as the Senator and I would cherish and understand them. At least, that is my understanding of the amendment.

Mr. JACKSON. If they do, why should we aid and abet the denial of civil liberties?

Mr. PACKWOOD. That is where I want to make sure we understand. What does the Senator mean by freedom of the press?

Mr. JACKSON. One has to make an overall judgment. There may be conduct in certain areas that would not necessarily put it in that category.

Let me restate it. All equipment, first of all, requires a license. All licenses—this is the key point—are subject to congressional review, unless pursuant to subsection (3)—that is what we have been talking about—exemption from review may be granted to certain countries on the specific categories of goods.

In other words, as one illustration, handcuffs could be sold, I suppose, to many countries.

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

Mr. JACKSON. I yield.

Mr. STEVENSON. In reading this amendment, if I understand it correctly, paragraph 3, which permits the exemptions, permits exemptions to the congressional review procedures in paragraph 2.

If, to take the Senator from Oregon's case, the administration did propose to permit the export of police equipment to a totalitarian state in Africa, or any place else in the world, it would mean that Congress would have to approve. The export would not be absolutely prohibited by anything I can see in this amendment.

Mr. PACKWOOD. If I understand the amendment, if the Secretary of Commerce makes a decision that the Government does not threaten fundamental human and civil liberties, they go ahead with the license and sell it. From the standpoint of diplomacy, if they do not want to say that, they are going to put the monkey on Congress back.

It means making a decision, country by country; and we are going to support many of our allies who perhaps do not give any greater degree of protection to fundamental and human civil liberties than many of our opponents, and we are going to do it on a country by country, irrational, and ad hoc basis.

Mr. JACKSON. I do not agree with that conclusion.

I believe we are outlining here a rational course to follow.

I sponsored the amendment with Senator PELL to cut off aid to the military junta in Greece, and it was adopted by the Senate unanimously. We have called on the House not to act on this matter, in light of the fact that Greece is now in the process of restoring civil rule and is going to hold elections. But I do not think the United States ought to be sending highly sophisticated police equipment to any regime that practices the techniques that are followed in a totalitarian state. Let the Senate decide that.

Mr. PACKWOOD. Let me ask the Senator's opinion. I am trying to get a grasp of the types of countries.

Let us assume that the administration does not make its finding, so that they do not say to a country, "You are totalitarian." So the license is issued, and the matter comes to us. In the estimation of the Senator from Washington, would a country such as South Korea threaten fundamental human and civil liberties?

Mr. JACKSON. I do not know the details of the immediate situation, but it is possible they are engaged in repressive conduct. We can make available military equipment to support Korean independence, but why should we make available equipment to further aid and abet the repression of their people? I do not have any compunction about stopping that.

Mr. PACKWOOD. What about the Philippines? Does it repress?

Mr. JACKSON. They have martial law. Why should we aid and abet them in that effort?

Mr. PACKWOOD. What we are saying, really, is that, for all practical purposes, we will go ahead and export military material to those countries, but we are not going to send them police revolvers or handcuffs or whatever they might use in normal police work in a totalitarian or nontotalitarian country.

Most of the countries, I think, from the answer of the Senator from Washington—and I probably would agree with him—will not fit the definition or pass the definition of fundamental human and civil liberties.

Mr. JACKSON. In total numbers, the Senator may be correct. I just do not want my country to be a party to making more efficient the practices they engage in that aid the repression of liberty and freedom. That is all I am saying.

Mr. PACKWOOD. I find a fine line between the military equipment we have sent many of these military dictatorships around the world—some of them are allies—and police equipment.

Mr. JACKSON. The Senator knows, that we have treaty commitments with many countries; but the treaty commitments relate to a common concern about our own security and the security of the Western World. We have treaty commitments with Spain, which has a totalitarian government. That does not mean that we ought to eliminate the treaty. But in the meantime, we want to do everything we can to encourage freedom. I think that is what our foreign policy should be about.

I do not believe we are far apart. I have great respect for the Senator from Oregon. I think he is raising the question here of whether or not this is onerous and difficult to handle.

I was horrified to find that GS-10's and GS-11's, career people, down in the Commerce Department—and this has happened under all administrations—are willy-nilly granting the right to sell equipment used for repression. I do not think we ought to be a party to that kind of conduct.

In all the time I have been in Congress, I am very proud of my record on civil liberties. No one in the House or the Senate has had a longer, more consistent record in this regard. I have always taken that position. I have taken that position on Rhodesia, where they practice racial discrimination, and I have taken that position in the case of South Africa. I also took that position with respect to Greece.

I am taking that position now in insisting that we ought to try to implement the United Nations Universal Declaration of Human Rights, adopted in 1948, article 13, providing for free immigration.

I am just explaining my position. I do not think we ought to be a party to repression.

I hope the Senator will accept the amendment.

Mr. PACKWOOD. I am going to move to table.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. PACKWOOD. Mr. President, I move to table the amendment.

Mr. JACKSON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The motion is not in order. The Senator has 10 minutes remaining.

Mr. JACKSON. I yield back my time, Mr. President.

The PRESIDING OFFICER. The time yielded back.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. HUDDLESTON. Mr. President, I commend the Senator from Washington (Mr. JACKSON) for offering this amendment.

The Permanent Investigations Subcommittee, of which the Senator from Washington is chairman and on which I serve, held an executive session on July 19, 1974, on the planned exhibition by U.S. firms of law-enforcement equipment at a fair, Krimtekhnika-74, to be held in Moscow during the August 14-28 period.

Equipment scheduled to be exhibited included fingerprint detection and analysis, voice identification, psychological stress valuation machinery—machinery which could be used not only against minority groups and political dissidents of the Soviet Union but in espionage and counterespionage activities.

In questioning during the executive session, I elicited what I consider to be several extremely significant facts. First, in many cases, the sophisticated equipment to be displayed is not available from sources other than those in the United States. Second, once a machine is obtained, it can usually be duplicated.

In my opinion, this raises serious question about the advisability of exhibiting such equipment in the Soviet Union, where the most logical purchaser is the KGB, the state police. I do not believe we either want to or should place ourselves in the position of making available equipment which could be used by a government to deprive its citizens of what we could consider basic civil rights or perhaps be used against us. Such a move is not justifiable. It does not make sense.

I appreciate the fact that the Secretary of Commerce has acted to restrict the movement of such equipment. I believe his decision was the correct one. But, I also believe that the fact that we came so close to sending sophisticated crime detection to a country with rigid state controls and well-documented surveillance of its people and to a country which is involved in intellegence operations against our country points up the obvious need for this amendment and for a review of the entire export control activities of our Government.

American technology is superior technology. It has traditionally been much desired by foreign nations. But, it is also an American resource which must be used carefully, judiciously, and for the benefit of our Nation. And, I am not at all convinced that the possible transfer of detection technology to the Soviet Union would be a careful, judicious, or beneficial use of that technology.

Mr. PACKWOOD. Mr. President, I move to lay on the table the amendment of the Senator from Washington.

Mr. JACKSON. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. In announce that the Senator from Alaska (Mr. GRAVEL) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from New Hampshire (Mr. COTTON), the Senator from Hawaii (Mr. FONG), the Senator from Nebraska (Mr. HRUSKA), the Senator from Maryland (Mr. MATHIAS), and the Senator from Ohio (Mr. TAFT) are necessarily absent.

The result was announced—yeas 21, nays 73, as follows:

[No. 341 Leg.]

YEAS—21

Aiken	Curtis	Scott, William L.
Baker	Fannin	Sparkman
Bartlett	Fulbright	Stafford
Beall	Goldwater	Thurmond
Bellmon	Griffin	Tower
Bennett	Gurney	
Brooke	McClure	
Cook	Packwood	

NAYS—73

Abourezk	Hart	Montoya
Allen	Hartke	Moss
Bayh	Haskell	Muskie
Bentsen	Hatfield	Nelson
Bible	Hathaway	Nunn
Biden	Helms	Pastore
Brock	Hollings	Pearson
Buckley	Huddleston	Pell
Burdick	Hughes	Percy
Byrd, Harry F., Jr.	Humphrey	Proxmire
Byrd, Robert C.	Inouye	Randolph
Cannon	Jackson	Ribicoff
Case	Javits	Roth
Chiles	Johnston	Schweiker
Church	Kennedy	Scott, Hugh
Clark	Long	Stennis
Cranston	Magnuson	Stevens
Dole	Mansfield	Stevenson
Domenici	McClellan	Symington
Dominick	McGee	Talmadge
Eagleton	McGovern	Tunney
Eastland	McIntyre	Weicker
Ervin	Metcalf	Williams
Hansen	Metzenbaum	Young
	Mondale	

NOT VOTING—6

Cotton	Gravel	Mathias
Fong	Hruska	Taft

So the motion to lay on the table was rejected.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the motion to lay on the table was rejected.

Mr. STEVENSON. Mr. President, I move to lay the motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment of the Senator from Washington (Mr. JACKSON). (Putting the question.)

The amendment was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. STEVENSON. I move to lay the motion on the table.

The motion to lay on the table was agreed to.

Mr. JACKSON. Mr. President, I call up my amendment covering a number of conforming amendments to the act, which is at the desk.

The PRESIDING OFFICER. Will the Senator send his amendment to the desk.

The clerk will report.

The assistant legislative clerk read as follows:

At page 10, lines 1 and 2, deletes the phrase "(2) Notwithstanding any other provision of law, whenever"; and insert in lieu thereof the following: "(2) Whenever"

At page 11, line 9, strike the word "decision." and insert the following: "decision together with the recommendation of the Secretary of Defense."

At page 11, line 9, strike the word "deci- and insert the word "sixty".

At page 11, lines 12 and 13, strike the phrase "by majority vote of both Houses, the action of the President.", and insert the following: "the action of the President by adopting a concurrent resolution disapproving the application for the export of such goods, technology or techniques."

At page 12, strike lines 24 and 25. At page 13, strike lines 1 and 2 and insert the following:

"(C) the term 'controlled country' means the Soviet Union, Poland, Romania, Hungary, Bulgaria, Czechoslovakia, the German Democratic Republic (East Germany), and such other countries as may be designated by the Secretary of Defense."

At page 13, strike lines 3 through 5 and insert the following:

"(8) The Secretary of Defense shall submit to the Congress a written report on his implementation of this section not later than 30 days after the close of each quarter of each fiscal year. Each such report shall, among other things, identify each instance in which the Secretary recommended to the President that exports be disapproved and the action finally taken by the executive branch on the matter."

At page 13, add a new subsection (9) as follows:

"(9) Whenever the President exercises his authority under subsections (5) and (6) he shall, having first solicited the recommendation of the Secretary of Defense, transmit his decision, together with the recommendation of the Secretary of Defense, to the Congress. The review and disapproval provisions of subsection (3) shall be applicable to actions taken under subsections (5) and (6)."

At the end of Section (9) add a new subsection as follows:

"(10) The authority granted to the President in subsection (5) and (6) of this section shall be non-delegable."

Mr. JACKSON. Mr. President, all of the conforming amendments are intended to bring the provisions of the Export Administration Act into conformity with the comparable provisions of the Defense Procurement Act and to make congressional review procedures applicable to changes in the lists of licensed items and the so-called COCOM lists and procedures.

The PRESIDING OFFICER. Will the Senator suspend? The Senate will come to order. The Senator from Washington is entitled to be heard. It is difficult for him to speak with the noise that is going on. Will Senators please take their seats?

The Senator from Washington.

Mr. JACKSON. Mr. President, the Members of the Senate will recall that we passed in the Defense Procurement Act a provision which gave to Congress the right to veto, in effect, transfers of technology that might affect the security of this Nation with respect to the Warsaw Pact countries.

At the time of that debate, in colloquy

[illegible] he is handling the [illegible] from Illinois (Mr. STEVENSON) [illegible] make it clear that we [illegible] Export Control Act was up, now [illegible] these controls to the Export Control Act. It is now pending before the Senate, and that is what we do in these conforming amendments.

I would point out that modifications 1, 2, 3, and 4 are of a technical nature [illegible] bring the language [illegible] conformity with the [illegible] Act.

[illegible] No. 5, which is also [illegible] to the Defense Procurement Act language, adds Romania and Poland to the list of controlled countries. A substantial number of technology transfers of critical defense technology has taken place through these two countries.

Whatever the merits of treating Romania and Poland separately for general trade purposes, where technology with profound military implications is concerned, they ought to be included under stringent controls.

The report [illegible] is required in any case under the Defense Procurement Act and that is there.

Modification No. 7 would clarify the act by making it explicit that the recommendation of the Secretary of Defense and review by Congress applies to any addition of new lists of controlled items or to the COCOM lists.

Without information (G0), which makes the action [illegible] to the President nonnegotiable, the basic purpose of the section cannot be effected. As the Senator from Illinois (Mr. STEVENSON) and I think, the Senator from Oregon (Mr. PACKWOOD) will recall, we discussed this on the floor of the Senate, and I hope that these amendments would be accepted, [illegible] important matter.

The PRESIDING OFFICER. The Senator from Oregon.

[illegible] I do not intend to [illegible] amendments simply [illegible] of the [illegible] in the [illegible] I am quite prepared to [illegible] amendments, and to yield back time to the Senator from Oregon.

Mr. PACKWOOD. We will accept the amendments and I yield back the time.

Mr. JACKSON. We are ready to vote. I yield back my time.

The PRESIDING OFFICER. All time is yielded back, and the question is on agreeing to the amendments of the Senator from Washington. Putting the question.

The amendments were agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the amendments were agreed to.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Who yields time?

Mr. STEVENSON. Mr. President, would [illegible] 10 seconds?

The PRESIDING OFFICER. The Senator from [illegible].

Mr. STEVENSON. [illegible] I want to take this opportunity to express my deep appreciation to the chairman of the subcommittee, the floor manager of the bill, the Senator from Illinois (Mr. STEVENSON), for his leadership in dealing with this very difficult and intricate problem. He is to be commended most highly for the [illegible] and effort he has put into it to bring about some rationality in the handling of exports at a time when there are so many policy conflicts in the granting of these licenses.

I wish to express my deep appreciation to him because he has spent many days trying to work out some sensible solution to these problems.

I want to express, too, my appreciation to the ranking minority member, Mr. PACKWOOD, for while we have not agreed on everything, he has been most cooperative in working out these amendments that relate to export controls.

Mr. STEVENSON. Mr. President, I thank the Senator from Washington. He deserves our commendation for bringing these important matters before the Senate. He has my gratitude for his very able cooperation.

Mr. President, I yield 2 minutes on the bill to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. BAYH. I ask unanimous consent to reconsider the previous action of the Senate in adopting my amendment No. 1609.

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

Mr. BAYH. Mr. President, I send to the desk a modification of amendment No. 1609.

The PRESIDING OFFICER. The modification will be stated.

The legislative clerk read as follows:

[illegible] amendment No. 1609 add the [illegible] "to the United States purchaser."

The PRESIDING OFFICER. The amendment, No. 1609, is modified.

Mr. BAYH. Mr. President, this is an effort to resolve some different interpretations that the Senator from Alaska (Mr. STEVENS) and I have regarding the impact on the consumer of the oil exchange procedure, which we anticipate will follow the construction of the Alaskan pipeline. I do not want cheap Alaskan oil to be exchanged for expensive Saudi Arabian crude which would be shipped into the Eastern and the Midwestern parts of the country at significantly higher costs than Alaskan crude would be delivered for.

[illegible] which does not [illegible] the amendment, [illegible] is acceptable to the Senator from Alaska and is acceptable to the Senator from Indiana.

Mr. PACKWOOD. Will the Senator yield?

Mr. BAYH. I will be glad to yield.

Mr. PACKWOOD. I would appreciate it, [illegible] the Senator from Alaska wants to [illegible] on this, if the Senator could [illegible] the adoption of this amendment and the harmonizing of his views and those of the Senator from Alaska.

Mr. BAYH. I can suggest that the Senator from Alaska was concerned that the previous language would prohibit the exchange from taking place, as it deals with wellhead price, transportation costs, how the base price is established, and all of these things that one almost needs a Ph. D degree to understand. But we are in agreement on this language and we are in agreement that neither one of us wants a policy of buying Alaskan oil at price x and shipping it through Saudi Arabia at a price of x plus $5 a barrel. This language would prohibit Alaskan oil from being exchanged, if indeed that would require consumers to purchase the foreign oil for which Alaskan oil has been exchanged at a higher price than Alaskan oil would command within the United States.

Mr. JACKSON. Mr. President, I suggest the absence of a quorum and I ask unanimous consent that the time not be taken out of the time on either side. I think the Senator from Alaska should be here.

Mr. CHILES. Will the Senator yield? May we delay the consideration of this amendment until the Senator from Alaska gets here, and take up another amendment?

Mr. BAYH. I apologize to the Senator from Florida. If I had not thought this had been worked out to everybody's satisfaction, I would not have proposed the modification to my amendment.

Mr. PACKWOOD. The Senator from Alaska (Mr. STEVENS) is on his way. He will be here in 2 or 3 minutes, but he wanted to be here to participate in this colloquy.

Mr. JACKSON. Mr. President, I withdraw my unanimous-consent request.

The PRESIDING OFFICER. The unanimous-consent request is withdrawn.

Mr. STEVENS addressed the chair.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. STEVENS. I wish to make certain that the record shows that the purpose of this amendment is to assure that the U.S. purchaser of the petroleum will not pay any increased price as a result of an exchange which might take place pursuant to the authorization that is contained in the Alaskan pipeline amendment. It is my understanding that the Senator from Indiana has offered the amendment that we have discussed off the floor and that he agrees to this interpretation at this time.

Mr. BAYH. Yes, I think the words speak for themselves.

Mr. PACKWOOD. Mr. President, I ask unanimous consent to have the amendment read again so that the Senator from Alaska may hear it and make sure it is exactly what he wants.

The PRESIDING OFFICER. Is the request to have the amendment 1609 read in its entirety?

Mr. PACKWOOD. No, just the addition.

The PRESIDING OFFICER. The modification will be stated.

The assistant legislative clerk read as follows:

At the end of Amendment No. 1609 proposed by Mr. BAYH, add the following new language: "to the United States petroleum purchaser."

Mr. STEVENS. Mr. President, that eliminates my concern over the amendment that was offered and adopted yesterday by the Senator from Indiana and agreed to. We still have a disagreement in terms of the interpretation of the basic law. I think that if we intended to use the word, "contiguous," in that amendment to the Federal Leasing Act, we would have done so. We used the word, "adjacent." Japan is adjacent to Alaska; Japan is not contiguous to Alaska. Under the circumstances, that concern still remains between the Senator from Indiana and myself.

I am appreciative of his willingness to clarify the intent of the amendment that was adopted yesterday, and I concur heartily in what he has done. I thank him for his courtesy.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. BAYH. I appreciate the cooperative spirit of my friend from Alaska. I think I should also note that we have agreed to disagree. The previous record in which we have discussed this in some length will define the differences of opinion that we have on the whole thrust of how to handle the Alaskan oil in this exchange process.

We have agreed on the substance of this language, and I think that is probably the best we can do right now.

Mr. JACKSON. Mr. President, last April the distinguished Senator from Indiana requested me to investigate reports that the owners of the trans-Alaska pipeline planned to export significant quantities of crude oil from the North Slope to Japan, despite this Nation's overall deficit in domestic energy.

As chairman of the Interior Committee, I addressed a series of questions to the companies and the administration regarding west coast supply and demand for crude oil, the likelihood of a west coast oil surplus after completion of the trans-Alaska pipeline, and the companies' plans for marketing any such surplus, either in other parts of the United States or abroad.

Committee staff have prepared a memorandum summarizing the results of this inquiry to date. A more complete report, including the detailed responses to my questionnaire by Federal agencies and the oil companies, will be published soon as a committee print.

The preliminary findings of my inquiry, in summary, are the following:

First, that there is great uncertainty about both supply and demand on the west coast of the United States in the early 1980's, and considerable disagreement among the companies and the agencies about the most probable supply-demand balance;

Second, that most of the parties, nevertheless, project as their most probable estimate, a substantial and growing excess of west coast supply over west coast demand for crude oil;

Third, that the most attractive market to the companies for this excess would be in Japan, rather than the Eastern and Midwestern United States, if the law authorizing the trans-Alaska pipeline had not placed crude oil exports under strict control;

Fourth, that a swap of Alaska crude oil exported to Japan for Persian Gulf or Carribbean crude oil imported into the Eastern United States may well make sense economically, and may benefit both the companies and the State of Alaska, but they are not likely to benefit U.S. consumers in price terms, and

Finally, that the provision of pipelines or other facilities to move west coast crude oil to other parts of the United States raises serious environmental and economic issues that ought to be addressed by Congress.

Senator BAYH's amendment, No. 1609, is intended to close one possible loophole in the Alaska Pipeline Act's provision controlling crude oil exports. That law prohibits exports that cause a net reduction in the quantity or quality of petroleum available to U.S. consumers. The Senator from Indiana proposes to tighten this provision by precluding exports—including exchanges—which would increase the prices of petroleum products in U.S. markets. The staff report I cited questions whether such exports are very likely under existing law. Nevertheless, circumstances can be imagined in which exports or exchanges could be used to evade domestic price regulations, or otherwise to increase prices. I endorse the Senator's proposed amendment to close this loophole.

I ask unanimous consent, Mr. President, to insert into the RECORD at this point, the staff memorandum on "The Alaska Pipeline, West Coast Oil Surpluses, and Crude Oil Exports."

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

MEMORANDUM, JULY 30, 1974

Re Preliminary Report—The Alaska Pipeline, West Coast Oil Surpluses, and Crude Oil Exports.

To: Henry M. Jackson, Chairman, Committee on Interior and Insular Affairs.

From: Arlon R. Tussing, Chief Economist.

SUMMARY

Reduced growth of West Coast oil demand and increased supplies are expected to flow both from recent crude oil price increases and from changes in public policy. These developments increase the likelihood that the West Coast of the United States will be more than self-sufficient in crude oil and have an exportable surplus by the early 1980's.

Companies that control most of the pipeline's potential throughput as yet have no concrete plans for marketing volumes excess to West Coast demand, but Section 28 (u) of the Mineral Leasing Act makes significant exports (other than exchanges with Canada) improbable. Adequate safeguards exist to prevent exports which are not in the national interest, with one exception: The Mineral Leasing Act's export restrictions apply only to oil carried through a pipeline across federal lands.

The prospect of a crude oil surplus on the West Coast does, however, raise important issues regarding the relative environmental, economic and security implications of alternative systems for transporting West Coast crude oil to other parts of the United States.

BACKGROUND

In 1973, as Congress debated legislation to authorize construction of the Trans Alaska pipeline, it was widely suspected and alleged that the oil companies which controlled reserves on the North Slope of Alaska favored the Trans Alaska pipeline-tanker route (as opposed to an overland pipeline through Canada) at least in part to be in a position to export some of its throughput to Japan. Spokesmen for the companies and the Interior Department maintained, however, that—

(1) domestic demand in District V (the West Coast) would be more than sufficient to absorb the added production from Northern Alaska in addition to the crude oil expected to be produced elsewhere in District V; and that

(2) even if a temporary excess developed in District V during the early years of pipeline operation. U.S. crude oil prices were sufficiently greater than world market levels that exports would not be economically attractive to the companies.

Notwithstanding such assurances from the companies and the Administration, Congress, in authorizing construction of the Trans-Alaska pipeline, foresaw a possibility of circumstances in which crude oil exports might be advantageous to the oil companies but detrimental to United States interests. The reasoning of Congress in this matter was set out clearly in the section Major Issues: "2. Exports of Alaskan Oil," in the report of the Committee on Interior and Insular Affairs on S. 1081, the Federal Lands Right of Way Act of 1973, a copy of which follows this memorandum as appendix I.

Section 28 (u) of the Mineral Leasing Act of 1920 as amended by the law authorizing the Trans-Alaska pipeline, now reads as follows:

"Limitations on Export

"(u) Any domestically produced crude oil transported by pipeline over rights-of-way granted pursuant to section 28 of the Mineral Leasing Act of 1920, except such crude oil which is either exchanged in similar quantity for convenience or increased efficiency of transportation with persons or the government of an adjacent foreign state, or which is temporarily exported for convenience or increased efficiency of transportation across parts of an adjacent foreign state and reenters the United States, shall be subject to all of the limitations and licensing requirements of the Export Administration Act of 1969 (Act of December 30, 1969; 83 Stat. 841) and, in addition, before any crude oil subject to this section may be exported under the limitations and licensing requirements and penalty and enforcement provisions of the Export Administration Act of 1969 the President must make and publish an express finding that such exports will not diminish the total quantity or quality of petroleum available to the United States, and are in the national interest and are in accord with the provisions of the Export Administration Act of 1969: *Provided*, That the President shall submit reports to the Congress containing findings made under this section, and after the date of receipt of such report Congress shall have a period of sixty calendar days, thirty days of which Congress must have been in session, to consider whether exports under the terms of this section are in the national interest. If the Congress within this time period passes a concurrent resolution of disapproval stating disagreement with the President's finding concerning the national interest, further exports made pursuant to the aforementioned Presidential findings shall cease.

In adopting this language, Congress did not intend to proscribe crude oil exports absolutely. Firstly, it was recognized that significant economies—to the nation as well as to the owners of the oil—might under

some circumstances be achieved by appropriate "import-for-export" arrangements. Secondly, a categorical prohibition might set a precedent, and encourage retaliation, by countries on which we depend for imports. Thirdly, such a ban might prevent or handicap arrangements among oil importing countries to share secure supplies in the event of economically or politically inspired curtailments by exporting countries. Finally, it was recognized that the United States might again, at some time in the future, become substantially self-sufficient in energy and develop a surplus whose export would benefit the balance of payments and the national economy.

Subsection (u) was adopted to assure that any such exports would indeed be in the national interest, (1) by placing crude oil exports under the licensing requirements under the Export Administration Act; (2) by prohibiting exports that would reduce net U. S. supplies; (3) by requiring an express Presidential finding that proposed exports conform to the preceding criteria and are in the national interest, and (4) by allowing Congress sixty days in which to disapprove any such Presidential finding.

The violent upheavals of domestic and world crude oil prices resulting from the Arab embargo in late 1973 have led to a reconsideration of all earlier supply and demand projections. Higher oil prices plus policies promoting energy conservation and the use of other fuels, particularly coal, are certain to restrain the growth of West Coast demand for petroleum products. At the same time, high prices plus public policies encouraging more rapid development of domestic petroleum resources (for example, accelerated leasing of the Outer Continental Shelf) can reasonably be expected to increase District V crude oil production above what it would have been if the embargo and the price leaps had not occurred. Finally, the relationship of domestic and world crude oil prices has been reversed over the course of a year, and Persian Gulf crude oil is now being landed in Japan at prices more than twice that of price-controlled domestic crude oil on the United States West Coast.

In these circumstances, the issue of possible exports of North Slope crude oil to Japan was raised anew by an April 12, 1974, Associated Press dispatch from Spokane, as follows:

"A large portion of oil transported through the Trans-Alaska Pipeline will be exported probably to Japan during the line's early years of operation, Jack B. Robertson, Regional Administrator of the Federal Energy Office, said yesterday.

"Robertson said West Coast markets originally earmarked for as many as two million barrels of Alaskan crude oil daily would not be able to absorb that quantity until 1985.

"'Much of it probably will be sent to Japan. That in turn will free foreign supplies for shipment in exchange to United States Markets,' Robertson told a combined meeting of the Radio-Television News Directors Association and the Society of Professional Journalists.

"He said there would be 'an awful lot of swapping' of oil between nations and, in effect, most of the Alaskan oil traded away eventually would return to the domestic market."

An article in the March 18 Oil and Gas Journal ("Prudhoe Oil Will Bring Profound Change to West Coast Crude-Flow Patterns") also speculated about what would happen to the "surplus" of crude oil that is expected on the West Coast as a result of full-capacity utilization of the pipeline. The author mentions exports to Japan as one of the "three alternatives most discussed" for dealing with this surplus. He does, however, suggest it is considered unlikely for political reasons.

As a result of national publicity regarding Robertson's statement, E. E. Patton, President of the Alyeska Pipeline Service Company, issued a press release stating that none of the oil "is scheduled to be exported." This legalistic formulation was not particularly definitive because it is not likely that the disposition of any of the crude oil had, strictly speaking, been "scheduled" yet. On the same day, Charles Spahr, President of SOHIO, issued a less-than-categorical statement that SOHIO "has no intention" of shipping oil to Japan from Alaska.

Later in April, Senator Bayh expressed on the Senate floor his concern that even a barrel-for-barrel import-for-export arrangement would leave American consumers worse off (and the owner companies with higher profits) by creating a mechanism for avoiding domestic price regulations on crude oil.

At Senator Bayh's request, Senator Jackson (as Chairman of the Committee on Interior and Insular Affairs, which has oversight responsibility concerning the Mineral Leasing Act including its Alaska pipeline provisions), initiated an inquiry into (1) the likelihood of a crude oil surplus in District V, (2) the intentions of the owner companies with respect to transportation and marketing of crude oil from Alaska's North Slope (or with respect to any District V crude oil excess to District V demand), and (3) the need for further legislation to regulate or prohibit crude oil exports.

A detailed questionnaire regarding projected West Coast supply and demand, and plans for transporting and marketing North Slope oil were sent to the Interior Department, Federal Energy Administration, State of Alaska, BP Alaska and SOHIO, ARCO, and EXXON.

The three producer groups on the list (plus the State of Alaska) are believed to control about 93 percent of the oil reserves in the Prudhoe Bay field.

Copies of the questionnaires are attached to this memorandum as appendix 2. Responses were received from each of the foregoing agencies and companies and in some cases initial responses were followed with further questions. On certain issues additional clarification or elaboration is required, so that the present memorandum should be regarded as only a preliminary report.

SUMMARY AND ANALYSIS OF RESPONSES TO COMMITTEE'S QUESTIONNAIRES

The following is a summary of the most important conclusions from the agency and company responses.

(1) *Uncertainty*. Great and unavoidable uncertainty exists regarding both supply and demand on the West Coast in the 1977–1982 period. Firm projections are not possible regarding

(a) the effect of higher oil prices on the growth of consumer demands;

(b) the effect of higher prices in encouraging greater recovery from known reserves;

(c) the size and timing of future discoveries; and

(d) the volumes of crude oil available to the West Coast from Canada.

There are, in addition, significant differences over the production potential of the Prudhoe Bay field itself and over the probable timing of successive increases in North Slope production.

Several respondents gave a wide range of projections in answer to questions, rather than a single figure. Combining projections from different sources for individual elements of the West Coast supply-demand balance, it is possible to forecast a 1982 *deficit* in District V of as much as 500,000 barrels per day, or a *surplus* of as much as 1,900,000 barrels per day (or 2,300,000 barrels per day if Canadian supply is included).

There are plausible scenarios consistent with some elements of the projections that might result in even greater deficits or surpluses.

(2) *Most Likely Projections*. Combining the projections for each agency or company regarding

(a) Trans-Alaska pipeline throughput,

(b) District V production outside Northern Alaska, and

(c) District V demand,

most individual sets of projections show a West Coast deficit until about 1979, and a surplus beginning about 1980. Only Exxon projects a deficit over the whole period. The 1982 projections for West Coast Crude Oil surpluses are as follows:

Interior Department, 1.0–1.5 MMB/D.
BP/SOHIO, 0.6–0.8 MMB/D.
ARCO, 0.9 MMB/D.
EXXON, —.1 MMB/D (Deficit).

Each of these projections assumes no net imports from Canada, and no production from major new discoveries in either Alaska or California. In each case, the surplus increases (or the deficit diminishes) over the time of inquiry.

(3) *Individual Company Status*. The following summarizes the supply-demand status of individual producers at the end of the first five years of operation of the Alaska pipeline, as inferred from their own and (to the extent necessary) other projections:

(a) *BP/Sohio* now has no West Coast refineries and does not intend to build or acquire any. Sohio's entire production (almost one million barrels per day) will be surplus to the company's West Coast needs, and would have to be sold or exchanged to others.

(b) *Exxon* has only one small refinery (87 MB/D) on the West Coast and does not plan to expand it; Exxon's own West Coast surplus will reach 300,000 to 400,000 barrels.

(c) *ARCO* expects to increase its own West Coast refinery capacity from 281,000 B/D to 401,000 B/D, and is expected to be roughly in balance on the West Coast.

(d) *The State of Alaska* can be expected to market its own royalty oil. It will have a marketable surplus (over present commitments to Tesoro) on the order of 250,000 B/D, and all but 50–60,000 can be expected to be sold outside Alaska.

4. *Marketing Plans*.

Sohio has made sales on commitments to Columbia Gas and FINA for a small proportion of its production, but very little of the projected supply (except for that of ARCO, which will primarily supply its own refineries) is now committed to specific customers or markets. Each producer who expects to be in a surplus position intends first to sell or exchange its excess to other West Coast refiners. No concrete plans yet exist to transport North Slope crude oil beyond the West Coast. SOHIO, however, has announced plans for a feasibility study of a pipeline from the West Coast across the Rockies to the Midwest.

(5) *Exports to Japan*.

The companies each insist that they have got the message from Congress regarding exports and are planning to market exclusively or principally in the U.S. SOHIO claims its own studies show transshipping to the Midwest is economically superior to an exchange with Japan for Persian Gulf Oil.

In any case, the companies seem to recognize the political hazards of any major exports of Alaska oil as long as the United States faces a crude oil deficit.

CONCLUSIONS

The following are my preliminary conclusions based upon results of the Committee inquiry to date.

(1) *District V excess*.

The domestic supply of crude oil in District V is likely to exceed District V demand under present price relationships by about 1980.

(2) *Relative attractiveness of exports*.

(a) Exports of domestic oil to Japan will not be attractive to the companies until all U.S. West Coast demand at prevailing prices is met. Both U.S. and Japanese market prices

will be determined, in the absence of price controls, by Persian Gulf prices plus transportation, which will slightly favor the U.S. West Coast as a market for Alaska oil.

(b) If present relationships continue among uncontrolled domestic crude oil prices, Persian Gulf prices and transportation costs, exports to Japan appear to result in higher netback prices (and hence higher profits and state royalties) than transshipment East of the Rockies by any new transportation system. (This conclusion may be at odds with the reported implication of the Sohio study mentioned above, which we have not yet seen). In the absence of legal restraints, it is likely that some or all District V production excess to District V demand (at prices equal to Persian Gulf plus transportation) would be exported.

(3) *Avoidance of price controls.*

It would of course be attractive to producers of domestic price controlled crude oil to be able to export it at world market prices. Senator Bayh's explicit concern in April was the possibility that Alaska crude oil would be exported in exchange for foreign crude, imported at a price free from U.S. price controls, in order to avoid the effect of those controls.

This does not seem to be a real possibility, however. Under current regulations, North Slope crude oil would be *new oil,* exempt from price controls, and would be marketed in the United States at the same price as comparable grades of imported crude. In any case, the present authority for control of petroleum prices expires on February 28, 1975.

(4) *Adequacy of existing legal controls on exports.*

Existing law makes the export of crude oil carried through interstate pipelines exceedingly difficult, as the three requirements in section 28 (u) are additive rather than alternative. It is improbable that any company would base any long term marketing or investment plans upon the assumption that export applications would be approved, and the procedure required by the law is too slow and unwieldy to encourage short term export transactions.

There is no contingency that I can forsee which is not adequately controlled under the present language, with the following qualification:

(5) *Loophole for oil not transported by pipelines across federal lands.*

Present export restrictions under Section 28(u) apply only to crude oil "transported by pipeline over rights-of-way granted pursuant to Section 28. . ." Although the law clearly controls all exports of oil carried by the Trans-Alaska pipeline, that crude oil could in effect still be exported by *displacement.* That is, all North Slope crude oil could be delivered to domestic refineries, but the California oil it backed out could, in equivalent volumes, be exported without invoking the law, if that oil had never been carried through a pipeline across federal lands. Also, it might be noted, there are no restrictions in present law on exports of oil even from Northern Alaska if it were carried directly by tanker, without an intervening pipeline whose right-of-way was granted pursuant to Section 28.

Congress may in the future want to consider amending the law to deal with these potential loopholes. Inasmuch, however, as circumstances making major crude oil exports from the West Coast commercially attractive are not likely to develop for five to six years, the urgency of closing this loophole is not apparent.

(6) *Collateral issues.*

There are several collateral issues that depend upon expected West Coast oil supply-demand relationships, and which may be of greater importance than the prospect *per se* of significant crude oil exports to Japan. Some of these issues are clearly appropriate for further inquiry by the Committee. Among them are the relative economic and environmental consequences of alternative systems for moving oil that is surplus to West Coast demand to other parts of the United States.

(a) If there will be a West Coast surplus on the order of 1 million B/D it would clearly support a pipeline from Pacific Coast ports to the Midwest. One consequence could be a four to five-fold increase in Puget Sound tanker traffic over that necessary to serve the Cherry Point refinery alone. Such a development would probably provoke severe opposition both within Washington, State and from Canada.

(b) Existing pipelines (Transmountain and Four Corners) are already capable of carrying about 650 MB/D into District V (and the Canadian West Coast). Question could well be raised about the economic and environmental wisdom of building a wholly new pipeline, when the net effect of reversing the flow of two existing installations could be equivalent to an eastward flow of as much as 1,300 MB/D. Any consideration of reversing the Transmountain pipeline, however, depends upon agreement with Canada, which in turn probably hinges upon arrangements to keep crude oil tankers out of Puget Sound and the Strait of Georgia. Collaboration between the United States and Canada would be necessary for a deepwater port offshore the West side of the Olympic Peninsula or Vancouver Island. Another requirement might be a general pipeline treaty between the United States and Canada.

Arctic Gas Pipeline. The struggle over competing routes for a natural gas pipeline from the North Slope may well become more protracted and more bitter than over the oil pipeline. The prospect of a crude oil surplus on the West Coast will be argued as additional grounds for choosing a trans Canada route to deliver natural gas directly into the Midwest.

OCS Leasing. There will be strong opposition from environmentalists and local interests to reviving activity on existing Santa Barbara leases and to new leasing off California and in the Gulf of Alaska. As I have set out elsewhere, oil and gas production from the OCS is, from a national perspective, probably the least environmentally damaging energy alternative. Nevertheless its adverse local impacts will tend to exceed by far its local benefits. A key argument of leasing opponents in California and Alaska will be the oil surplus already in prospect for the West Coast.

APPENDIX I

("Major Issues," from Report of S. 1081, Federal Lands Right of Way Act of 1973. (June 12, 1973)).

2. EXPORTS OF ALASKAN OIL

The question of possible exports of crude oil produced on Alaska's North Slope has been raised repeatedly before this Committee and elsewhere in connection with consideration of alternative pipeline routes for that oil. Some have contended that, despite the national deficiency in crude oil supply, the oil companies with major reserve interests on the North Slope chose the Trans-Alaska alternative in order to be in a position to export a significant fraction of its throughput to Japan.

Despite strong denials by spokesmen for the companies and the National Administration, these allegations have not been *totally* implausible. Their most important foundation has been the possibility of a crude oil surplus on the West Coast. The throughput schedules announced for the Trans-Alaska pipeline in 1969 and 1970 considerably exceeded the anticipated domestic supply deficiency in P.A.D. District V (the West Coast) for several years after the pipeline's completion date. Notwithstanding this expected crude oil surplus on the West Coast, the owner companies indicated no clear plans for shipping Alaska oil to other United States markets.

With the prolonged delays in authorization of a Trans-Alaska pipeline right-of-way, and the repeated slippage of the expected completion date, however, projected West Coast oil demand in the early years of pipeline operation has greatly increased; at the same time, projected onshore production in California has declined. Current estimates by both the Interior Department and industry groups now indicate that demand in P.A.D. District V would substantially exceed domestic production in the District, even including North Slope production.

These recent projections from government and industry sources do not completely dismiss the possibility of crude oil surpluses on the West Coast after the pipeline is completed, however, because these projections assume that no major reserve additions will occur in the region. Areas in which there could be significant reserve additions include the Gulf of Alaska, Lower Cook Inlet and Santa Barbara Channel provinces, where major new lease sales are scheduled or are under active consideration.

Public suspicions that exports were to be a significant function for the Trans-Alaska pipeline have been rekindled from time to time by a number of circumstantial indications. Premier Sato suggested in a 1971 interview in Anchorage that Japan was looking forward to receiving crude oil by way of the pipeline; a corsortium of Japanese companies obtained a part interest in some (as yet unproved) North Slope leases; and Phillips Petroleum Co. proposed to the Cabinet Task Force on Oil Import Control that barrel-for-barrel import quotas be granted to producers who exported crude oil from the United States.

The "import-for-export" proposal envisioned a crude oil excess in one part of the United States, presumably the West Coast, in the context of a general national deficiency, and was aimed at reducing transportation costs. Alaska crude oil could be sold in Japan, for example, offsetting Carribbean or Middle Eastern imports to the East Coast. Not only would the total tanker distance be less than an Alaska-East Coast route, but the shippers could reduce costs further by using tankers of foreign registry, rather than the domestic vessels required in the United States coastal trade. The importance of this proposal was probably exaggerated at the time, however. Phillips did not (and does not) control significant North Slope reserves. The proposal was not pressed nor endorsed by the companies that have such reserves, and it was never seriously entertained by the Task Force.

Price relationships argued strongly in the past against the existence of plans to export Alaskan crude oil. Because of United States quota restrictions on oil imports, the prices of crude oil on the West Coast of the United States were until 1972 about $1.50 higher than landed costs of comparable Middle Eastern crudes in Japan, and U.S. Midwestern prices were on the order of two dollars higher. If these differentials continued, there would be little incentive to export Alaskan oil without the import-for-export allowance; it would clearly be worth while to transship any oil surplus in District V to the Gulf or East Coasts or even to the Midwest, rather than to export it.

Alternatives considered by the companies (but not actively prosecuted) for getting North Slope oil to Midwestern or Eastern U.S. markets included a tanker route around the Horn; a pipeline across Panama linking two tanker segments; reversing the direction of the Four Corners pipeline in order to carry crude oil from Southern California to Texas and thence to the Midwest; reversing the

direction of the Transmountain Pipeline between Alberta and Puget Sound, then using the Interprovincial Pipeline to deliver crude oil to the Midwest; and construction of a new pipeline from Puget Sound to the Midwest along the Burlington Northern or Milwaukee Railroad right-of-way.

Although the prospect of significant crude oil surpluses on the West Coast of the United States in the late 1970's and early 1980's have diminished somewhat (but not completely), the rising world prices of oil and devaluation of the dollar have increased the comparative attractiveness of export markets. If crude oil prices in both markets (Japan and Southern California) are determined in the future by transportation costs from the Persian Gulf, so that landed prices per barrel in Japan remain 25 to 50 cents lower than in California, this differential plus the 21-cent license fee announced in April 1973 (when the quota restrictions were removed) would seemingly more than offset the transportation cost advantage of shipping Alaska oil to Japan. But if the past two years' trends in exchange rates and world oil prices were to continue, North Slope oil would be marketable in Japan at considerably higher prices than on the West Coast of the United States by the time a Trans-Alaska pipeline could be on stream.

Three companies control more than 90 percent of the proved reserves of the Prudhoe Bay field, the largest in North America. This field, whose production will dominate West Coast oil supplies will be developed and produced as a single unit pursuant to state conservation law. The same companies will also own 82 percent of the Trans-Alaska pipeline, which is organized as an undivided interest joint venture. West Coast crude oil prices, the companies' profits and the state's revenues, and fuel prices for West Coast consumers, will all be affected powerfully by the amount of oil that the companies and the state permit to be delivered to District V markets. There is no assurance that all the oil which is "surplus" to the West Coast (and thereby "available for export") in the companies' eyes will be truly in excess from the standpoint of consumers, national security or national economic efficiency.

Because of uncertainty regarding the volume of District V crude oil production and the imponderable but almost surely enhanced commercial attractiveness of oil exports to Japan in future years, the Committee is of the view that even though it has had repeated assurances from the oil companies and the Administration that the former "have no intention" to export crude oil produced on Alaska's North Slope, there should, nevertheless, be a statutory check upon such exports.

Section 114 of the Act expresses the Committee's concern that the companies that control the North Slope oil reserves might decide on the basis of private commercial advantage, to make export sales or exchanges that result in a net reduction of crude oil supplies available to the United States, or an increased dependence of the United States upon insecure foreign supplies.

The Committee did not believe that a categorical prohibition of oil exports would be wise, however. There might well be a situation in which export-for-import arrangements would be of benefit to both the United States and its trading partners. For example, the export to Japan of Alaskan crude oil supplies to west coast needs in exchange for Latin American or Eastern Hemisphere crude (which would otherwise have been transported to Japan) for the Northeast could, under some circumstances, be a better arrangement to bring the Northeast region additional crude oil supplies than either transcontinental pipelines or a tanker route around the Horn. A total prohibition might, in addition, encourage other countries to restrict exports to the United States, or cripple efforts to provide cooperation or sharing of restricted supplies among consuming countries.

Section 114 provides that any export arrangement be critically examined in light of the national interest to assure that a few pennies per barrel in private transportation expense are not saved only at a great cost to the total security of national energy supplies. Issues that might be scrutinized in any such examination include whether any export at all is in the national interest, the duration of the export contract, the international consequences of diverting such exports to domestic use in an emergency, the availability of transport capacity to do so, and the net impact of any sale or exchange upon the United States balance of payments.

The provisions of the Section effectively place the burden upon an applicant for an export license to demonstrate that exports of North Slope crude oil are indeed in the national interest, and by requiring an express Presidential finding, compel an examination of that interest at the highest levels.

APPENDIX II

QUESTIONS REGARDING POSSIBLE EXPORTS OF ALASKA NORTH SLOPE CRUDE OIL

To Agencies:

Please prepare for the Committee's use the following information:

1. What are your present projections for total production of crude oil and natural gas liquids on the North Slope of Alaska for each of the first five years (by quarter, if possible) of operation of the Trans Alaska Pipeline? If these figures differ significantly from your projects for pipeline throughput or tanker cargoes from Valdez, please indicate the latter figures as well, and explain any disparity between them.

2. How much of this production, throughput and/or cargoes expected to be owned or controlled by each of the companies with a producing interest on the North Slope or with an equity interest in the Trans Alaska Pipeline? (Indicate whether these figures are gross or net of the state's royalty interest.)

3. What are your current projections for each year of the same five-year period of total demand for (a) refined petroleum products and (b) crude oil and natural gas liquids in P.A.D. District V?

4. What are (a) the total current refinery capacity and (b) projected refinery capacity and throughput in P.A.D. District V for each year of the five-year period for each of the companies either with a producing interest on the North Slope or with an equity interest in the Trans Alaska Pipeline?

5. What is the current volume of, and what are your present projections for each year of the five-year period for, total P.A.D. District V production of crude oil and natural gas liquids other than from the North Slope? If possible, subdivide these by region (e.g., California onshore, California offshore, Cook Inlet, etc.).

6. What is the current net production in P.A.D. District V, by region, of crude oil and natural gas liquids by each of the companies with a producing interest on the North Slope Alaska or with an equity interest in the pipeline, and what is the projected production for each of these companies for each year of the five-year period?

7. To what extent, if at all, is any North Slope crude oil production already under contract or otherwise committed tentatively or otherwise to specific destinations or purchasers?

8. If the projections in response to questions 1, 3, 4 and 5 imply a supply deficit in P.A.D. District V, what are the expected sources for the balance of demand, and in what projected volumes; if the projections indicate an excess supply, what are the expected destinations of the excess, and in what projected volumes?

9. What plans exist, or are under active consideration, for transporting any crude oil produced on Alaska's North Slope or anywhere in P.A.D. District V, to markets outside District V.

10. In your opinion will limitations of demand in District V or in general be, or might they ever be, a constraint or delaying factor in raising the throughput of the Trans Alaska Pipeline from its planned initial throughput of 600,000 barrels per day to its planned capacity of 2 million barrels per day?

11. What, if any, agreements are required among the pipeline owner companies to increase the pipeline's operating capacity? What would happen if one or more companies favor an increase in capacity and others oppose it? What arrangements exist with respect to a company which wishes to ship through the pipeline a volume of oil in excess of its equity in existing capacity?

12. What authority, if any, has the Interstate Commerce Commission or the State of Alaska to require the owners (a) to expand producing capacity up to 2 million barrels per day, or (b) to loop the pipeline for throughputs greater than 2 million barrels? Is there any circumstances in which a shipper who is not one of the owners of the pipeline might have a valid cause of action to compel the owners to expan' pipeline capacity?

13. What, if any, authority has the State of Alaska to employ either market demand prorationing, or regulation of pipeline throughput, to prevent the development of crude oil surpluses or softening of prices in markets for the state's oil? Under what circumstances, if any, can you anticipate exercise of such authority?

To Companies:

I would appreciate it if you would prepare for the Committee's use the following information:

1. What are your company's present projections for total production of crude oil and natural gas liquids on the North Slope of Alaska for each of the first five years (by quarter, if possible) of operation of the Trans Alaska Pipeline? If these figures differ significantly from your projections for pipeline throughput or tanker cargoes from Valdez, please indicate the latter figures as well, and explain any disparity between them.

2. What are your company's present projections over the same five-year period of net volume of crude oil and natural gas liquids (a) produced by your company and its affiliates on the North Slope, (b) shipped through their share of the pipeline, and (c) loaded by them at Valdez? (Indicate whether these figures are inclusive or exclusive of state royalty oil.)

3. What are your current projections over the same five-year period of total demand for (a) refined petroleum products and (b) crude oil and natural gas liquids in P.A.D. District V?

4. What is the present capacity of your company's P.A.D. District V refineries and those of its affiliates, and what are your current projections or plans for refinery capacity and throughput for each year of the five-year period?

5. What is the current volume of, and what are your company's present projections for each year of the five-year period for total P.A.D. District V production of crude oil and natural gas liquids other than from the North Slope? If possible, subdivide these by region (e.g., California onshore, California offshore, Cook Inlet, etc.).

6. What is the current net production of crude oil and natural gas liquids controlled by your company and its affiliates in P.A.D. District V, by region, and what are your projections for this production for each year of the five-year period?

7. What portion, if any, of your company's

projected North Slope production and/or that of its affiliates is already sold or under sale contract, or otherwise committed, tentatively or otherwise, to specific destinations or purchasers (including your own refineries and/or those of your affiliates)? How much of this supply is committed to P.A.D. District V?

8. If the projections in response to questions 1, 3, 4 and 5 imply a supply deficit in P.A.D. District V, what are the expected sources of the balance of demand and in what projected volumes; if the projections indicate an excess supply, what are the expected destinations of the excess, and in what projected volumes?

9. If the responses to questions 2, 4 and 6 indicate a supply deficit for your company and its affiliates in P.A.D. District V, from what sources do you expect to fill the deficit and in what volumes; if the responses indicate a surplus, what are the expected or planned destinations of the surplus, and in what volumes?

10. What plans exist, or are under active consideration by your company or its affiliates, for transporting any crude oil produced on Alaska's North Slope or elsewhere in P.A.D. District V to markets outside District V.

11. In your opinion will limitations of demand in District V or in general be, or might they ever be, a constraint or delaying factor in raising the throughout of the Trans Alaska Pipeline from its planned initial throughput of 600,000 barrels per day to its planned capacity of 2 million barrels per day?

12. What, if any, agreements are required among the pipeline owner companies to increase the pipeline's operating capacity? What would happen if one or more companies favor an increase in capacity and others oppose it? What arrangements exist with respect to a company which wishes to ship through the pipeline a volume of oil in excess of its equity in existing capacity?

13. What authority, if any, has the Interstate Commerce Commission or the State of Alaska to require the owners (a) to expand producing capacity up to 2 million barrels per day, or (b) to loop the pipeline for throughputs greater than 2 million barrels? Is there any circumstance in which a shipper who is not one of the owners of the pipeline might have a valid cause of action to compel the owners to expand pipeline capacity?

14. What, if any, authority has the State of Alaska to employ either market demand prorationing, or regulation of pipeline throughput, to prevent the development of crude oil surpluses or softening of prices in markets for the State's oil? Under what circumstances, if any, can you anticipate exercise of such authority? Under what circumstances, if any, can you anticipate a request (or endorsement) by your company for such action to limit production?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana, as modified.

The amendment (No. 1609), as modified, was agreed to.

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

Mr. CHILES. Mr. President, I send to the desk a modified version of my amendment No. 1646 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

The amendment (No. 1646), as modified, is as follows:

ECONOMIC POLICY ACTIONS

SEC. . (a) Section 3 of the Export Administration Act of 1969, as amended by section 4 of this Act, is amended by adding at the end thereof the following new paragraph:

"(7) It is the policy of the United States to use export controls to secure the removal by foreign countries of restrictions on access to supplies (a) where such restrictions which have had or may have a serious domestic inflationary impact, have caused or may cause a serious domestic shortage, or have had or may have a serious adverse effect on employment in the United States, or (b) where such restrictions have been imposed for purposes of influencing the foreign policy of the United States. In effecting this policy, the President shall make every reasonable effort to secure the removal or reduction of such restrictionons, policies or actions through international cooperation and agreement before resorting to the imposition of controls on the export of materials from the United States.

(b) Section 4 of such Act, as amended by sections 3, 4, 9, and 10 of this Act, is amended by adding at the end thereof the following new subsection:

"(j) Before exercising the authority conferred by this Act to implement the policy set forth in section 3(7), the President shall—

"(1) request and receive from the Tariff Commission its views on the probable impact on the domestic economy of such exercise of authority: *Provided, however*. That such views are transmitted to the President within 30 days of the request therefor; and

"(2) consult with the appropriate committees of the Congress with respect to such exercise of authority."

(c) Section 10 of such Act, as amended by section 3 of this Act, is amended by adding at the end thereof the following:

"(c) Each such report shall contain a description of the progress being made in any international negotiations regarding rules and arrangements affecting access to supplies and export policies and practices of foreign governments. Such report shall also contain—

"(1) an analysis of any economic policy or action, during the quarter, of any foreign government affecting the price or availability of any article, material, or supply imported into the United States which is essential to the economy of the United States;

"(2) the effect of such policy or action on price, supply, or employment in the United States; and

"(3) any economic action proposed or contemplated by the United States Government with respect to such foreign economic action."

Mr. CHILES. Mr. President, the amendment as modified contains several changes from the printed amendment. Primarily, it now contains some language that would provide for a new section B. Where such instructions have been imposed for the purpose of influencing the foreign policy of the United States, in effecting this policy the President shall make reasonable effort to secure the removal or reduction of such restrictions. That is in addition to the amendment as it was printed.

In addition to that, we have stricken the reporting language on the amendment as it was originally printed because there is reporting language in the bill.

The thrust of this amendment is to provide that it is the policy of the United States to use export controls to secure the removal by foreign countries of restrictions on access to supplies where such restrictions would have a serious domestic inflationary impact, have caused or may cause a serious domestic shortage, or have or may have a serious adverse effect on employment in the United States.

It further provides that if these appear to be conditions, that the President shall request and receive a report from the Tariff Commission of its views on the probable impact on the domestic economy of the exercise of such authority.

What we are attempting to do with this amendment is to provide the tools in the bill wherein if a country attempts to restrict supplies or access of supplies to the United States, and if that restriction is adversely going to affect our economy, cause inflation, cause severe inflationary hardship, cause severe unemployment, we would be able to at least have at our disposal the tool of determining whether we were going to restrict the access of our exports to a country that was engaging in policies that would affect us in that way.

I think we have to recognize that today we are living in an era in which we are going to see perhaps more and more boycotts; combinations of countries that would attempt to use restrictions on their exports to the United States, and exports to other countries, in a manner that could cause severe economic hardship to this country. While I do not believe that is the way we should play the trade game—I believe there should be free access to trade where possible—I believe that we have to be prepared and have to have the capability to be able to respond to that kind of action.

I have a feeling that if we are prepared, if we have the capability, and if other countries realize that we have the capability and the determination to respond to these kinds of actions, then there is less of a chance that we will be brought into this kind of a protectionism and this kind of economic warfare which appears to be on the horizon, and which has already been used in some instances.

I have discussed the amendment at length with the floor leader (Mr. STEVENSON) who is handling the bill, and also with the leader from the minority. I think this is a tool that would be in the best interest of this country, if we had this tool.

Mr. STEVENSON. Mr. President——

The PRESIDING OFFICER. The Senator from Illinois.

Mr. STEVENSON. This amendment is intended to strengthen the bargaining position of the President for the purpose of reducing barriers that deny the United States access to supplies.

The international economic debate has been shifting in recent years from import controls and access to markets to export controls and access to supplies. The concern which we all face in the industrialized world is dramatized by the recent action of the oil-producing countries when they imposed an embargo. Acting jointly through the OPEC, the oil-producing countries caused severe economic consequences in other countries for the purpose of influencing the foreign policies of those countries. Without such power as this amendment affords the President, the United States is virtually powerless. Its military power and its economic power are not exercisable.

The purpose of this amendment is not to encourage the use of export controls. Its purpose, on the contrary, is to dis-

courage resort by governments to export controls and such other devices which deny access to supplies.

This amendment is carefully drawn to permit resort to export controls by the President only when a foreign country has imposed restrictions on supply which have a serious domestic inflationary impact in the United States or have caused a serious domestic shortage or a serious adverse effect on employment. That is the one test.

The other test offers the President the opportunity to impose export controls when the purpose of the restriction by the foreign country is to influence the foreign policy of the United States.

Even this authority, the authority to impose controls in these carefully circumscribed circumstances, is further limited.

The amendment requires that the President first make every reasonable effort to secure the removal or reduction of such restrictions through international cooperation and agreement, before resorting to the imposition of controls.

I want to emphasize, Mr. President, that the purpose of this amendment is not protectionism. The purpose of this amendment is to give the President the authority by which to bring down trade barriers which deny the United States access to essential supplies. Oil is the obvious example, but there are other possibilities lying in wait for us down the road.

We have and produce in this country such high-technology products and agricultural commodities which gives us economic power, which could be used under this amendment to bring down unreasonable trade barriers and permit us access to essential commodities produced by foreign countries.

Without this power we are on a one-way street. Other countries resort to export controls, but the United States does not. We take it lying down.

I will support this amendment, Mr. President.

Mr. PACKWOOD. Mr. President, will the Senator from Florida yield for a question?

Mr. CHILES. I yield.

Mr. PACKWOOD. I want to make sure of the specific intent of the amendment. One, it is permissive, not mandatory, on the part of the President using this; is that correct?

Mr. CHILES. That is right. It is permissive. It requires, as in other sections of the bill, reporting to the Congress of his actions.

Mr. PACKWOOD. But this amendment is not the basis for a legal action on somebody's part to force the President to act?

Mr. CHILES. It is not self-acting, no.

Mr. PACKWOOD. Second, you have used the word "serious" on three occasions. I take it that would mean exactly what it means, that it must cause a serious domestic inflation.

Mr. CHILES. In addition, the Tariff Commission makes a report of the consequences.

Mr. PACKWOOD. Third, as I read the amendment, it would not apply if a country raises the price on a material that it might be selling in the world, because that is not denying access to supplies; it is simply raising the price of them.

Mr. CHILES. I think it could. I think it would be possible. If the raising of that price was to the extent that it was denying access and if a report showed that, then it would be possible.

Mr. PACKWOOD. But that would have to be a raising of a price to such an extent that it would be, in essence, pricing the community out of the world market and nobody wants to buy it.

Mr. CHILES. Again, it would have to be such that it would be causing this kind of A, B, C—that it would be causing serious unemployment, economic distress, or an inflationary impact; and it would take a report of the Commission.

To be frank with the Senator, I would envision that it would certainly be possible that price could do that, if the raise was of that amount. That would depend, again, upon the seriousness of it and upon the report.

Mr. PACKWOOD. What the Senator is saying, then—now I understand—is that, realistically, the countries that have control of tin or copper or bauxite would trigger this permissive retaliation, if they were to raise their price high enough to the world community, not just to the United States, so as to cause the serious short supply or the serious inflation. In that case, we can say to Bolivia or Jamaica, "We are going to retaliate. You cannot raise your price that high on your tin or your bauxite."

Mr. CHILES. I think the price raise would have to be sufficient so that findings could be made that it amounted to a restriction on access. There are a number of ways that you could restrict access. One way would be to price your material at such a price that it amounted to that, which caused a diminished demand, to the extent that you restricted access of the supplies.

Mr. PACKWOOD. I do not understand the answer. I cannot think of any commodity that any foreign country sells that has ever been priced so high that it restricted access to it. Even in the petroleum boycott, it was the fact that it was a boycott by the Arab countries and they would not sell it to us, not the price, that prohibited our access to it.

Mr. CHILES. I think that high price always is possible to restrict access to supplies, if that price is high enough.

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

The PRESIDING OFFICER. Who yields time?

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

The PRESIDING OFFICER. On whose time?

Mr. PACKWOOD. On my time.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. WEICKER. Mr. President, on November 30, 1973, I introduced an amendment to H.R. 8547, which dealt with the devastating impact of the Arab oil embargo. This amendment read as follows:

> During any period during which a foreign country prohibits the export of crude oil or refined petroleum products from such country to the United States, the President shall prohibit the export from the United States to such foreign country of all articles, materials, and supplies, other than food, medicine, and medical supplies.

My rationale for precluding the President from ordering retaliatory embargos on exports of food, medicine, and medical supplies, lay in the belief that America should never play politics with people's lives.

At a time when petroleum was in critical short supply around the world, the Arab nations saw fit to pursue their political goals by exerting economic blackmail against the United States and other countries. In shutting off their exports of crude oil and refined products, the Arab leaders thought that by endangering the health and safety of the poor, the elderly and the sick, they could bring about changes in our foreign policy.

This was clearly blackmail on the part of the Arab leaders and I felt then, as I do now, that our Nation must reject this diplomacy of calculated human suffering.

I felt it was essential to put heads of state on notice that we do not consider blackmail a valid tool of international policy.

That is why, though I did not believe we should keep on selling the Arabs items such as power machinery, motorized vehicles, and the very drills they use to produce the oil they embargoed last winter, I, nevertheless, am concerned that America not exercise retaliatory export authority to withhold food and medical supplies from the Arab people.

As the pending Chiles amendment is another attempt to authorize the President to impose retaliatory export controls, I am introducing my modifying amendment to indicate that blackmail is not an acceptable policy for export controls by the United States.

I thank my esteemed colleague from Florida for accepting this modification to his amendment.

Mr. President, I further ask unanimous consent that the text of my modifying amendment be printed at this point in the RECORD.

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

> On page 2, line 11, immediately before the period, insert the following: ": *Provided*, That no action shall be taken in fulfillment of the policy set forth in this subsection to restrict the export of medicine, and medical supplies".

Mr. PACKWOOD. Mr. President, I am prepared to accept the amendment of the Senator from Florida and yield back our time.

The PRESIDING OFFICER. Is all time yielded back?

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

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

The amendment was agreed to.

Mr. CHILES. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. CHILES. Mr. President, I ask unanimous consent that the name of the Senator from Georgia (Mr. NUNN) be listed as a cosponsor of the amendment.

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

The bill is open to further amendment.

Mr. DOLE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 1, strike out line 6 through line 8. Redesignate the succeeding sections accordingly.

Mr. DOLE. Mr. President, section 2 of the bill we are considering, S. 3792, to extend the Export Administration Act of 1969, significantly liberalizes the conditions under which the President may impose export controls. This change, if adopted, could be detrimental to the agriculture industry and to the Nation as a whole. I offer this amendment to keep the conditions for imposing export controls as they exist under present law.

Under the existing language of the Export Administration Act of 1969, one condition which must be satisfied before the President may impose export controls is that the measure must be necessary "to reduce the serious inflationary impact of abnormal foreign demand." The bill we are considering deletes the word "abnormal."

The change proposed in the bill would permit misguided and misinformed advocates of export controls to force the President, through court action, to institute export controls at a time when it could be detrimental to the entire Nation.

FOREIGN DEMAND IS BENEFICIAL

Last year, agricultural exports kept our balance of trade in the black in spite of increased costs for oil and other foreign materials we import and depend on greatly. Foreign demand is expected to remain strong and continue to give us a favorable balance of trade. Agricultural exports are expected to amount to $21 billion in fiscal year 1975, and they were even higher than that in fiscal year 1974. Clearly, this additional income is advantageous to the entire Nation and to agriculture as well.

The continuation of strong foreign demand is expected to keep prices for agricultural commodities at a profitable level. This is healthy for the entire economy. However, some advocates of depression level prices for farm commodities could press for export controls under any type of foreign demand. If the bill is adopted in its present form. Such advocates, by acting under the guise of "consumer interests," have nearly forced us into export controls in the past under existing law. For example, there was the "$1 per loaf" scare on wheat supplies last winter.

My argument is simply that strong foreign demand for our commodities is a healthy situation and the present bill would permit export controls to be implemented even in such circumstances. My amendment would prevent this from happening since strong foreign demand is not necessarily abnormal demand.

I urge the adoption of this very important but rather technical amendment.

I reserve the remainder of my time.

Mr. STEVENSON. Mr. President, in the past, one of the impediments to the effective use of export controls has been the need to show abnormal foreign demand which produced an excessive drain of scarce materials and serious inflation. The term "abnormal" suggests the need to show, by reference to some earlier period, that the pattern or magnitude of foreign demand had changed.

However, the determination of an appropriate reference point for assessing whether foreign demand was normal or abnormal was impossible to do with any degree of certainty, since trade patterns fluctuate; and in some situations, an excessive drain of scarce materials and serious inflation can result even if foreign demand levels have not changed significantly.

In other words, what difference does it make if the foreign demand is abnormal or normal, so long as it is causing serious inflation and an excessive drain of scarce materials?

It was for those reasons that the committee unanimously supported this change to delete the reference to abnormal foreign demand.

For those reasons, I have to oppose the amendment offered by the Senator from Kansas.

Mr. PACKWOOD. Mr. President, I join the Senator from Illinois in opposition to this amendment. The committee, as I recall, was unanimous.

There is simply no standard of abnormality, whether it be on scrap metals or wheat exports. If we are going to insist upon the use of the term "abnormal," for all practical purposes, this has proved to be a useless clause. I support the export of agricultural commodities, I think, as much as the Senator from Kansas; but we are going to have to strike the use of the word "abnormal" if we are going to have any kind of standard we can look to from time to time.

We have been over and over it in committee. It is just a worse than useless word that causes an inoperative section.

Mr. DOLE. Will the Senator yield?

Had the word "abnormal" been stricken a few months ago, we probably would have had export controls because of all the scare talk about bread prices at $1 a loaf.

Does the Senator see it making any difference if we strike the word "abnormal"?

Mr. PACKWOOD. No, I doubt that, with or without the word, we would have had export controls based on that scare talk, but I can foresee a situation in any kind of commodity, be it scrap iron or otherwise, where, as the foreign demand increases and increases and as the supply in the United States is static, and as gradually foreign demand forces up our domestic prices, we would say at some stage, "Stop."

But to say abnormal foreign demand almost implies the kind of situation that you are only going to use this where the foreign demand is so extraordinary, so unusual, as to be almost unthought of.

We thought in committee that was too high a standard to subject domestic consumers to.

Mr. DOLE. Mr. President, it just seems to the junior Senator from Kansas that we make a serious mistake by removing the word "abnormal" from section 3 (2) (A):

(2) It is the policy of the United States to use export controls (A) to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of [abnormal] foreign demand.

It seems to this Senator to have the effect of significantly liberalizing conditions under which the President can impose controls on nonagricultural goods.

For agricultural commodities, as I understand it, the Export Administration Act provides an additional and more important test before the export controls may be imposed.

But there is a great feeling in this country, and not just for agricultural commodities, that, when market prices reach profitable levels, there are always great demands advocated in the name of consumerism or consumer interests which would, in effect, impose export controls having the ultimate effect of lowering prices on farm and other commodities.

We had an example somewhat over a year ago with export controls on soybeans. The market price on soybeans, I think, dropped from around $12 to $3 or $4. We did not have any more soybeans because of export controls and probably no lesser amount of soybeans, so the drastic fall in prices was about the sum and substance of the export controls.

They were later lifted and it was acknowledged at the time they were lifted that it probably was a mistake to impose the controls in the first instance.

So it seems clear that our farmers and others engaged in export need this protection.

I am willing to submit this measure to a voice vote. I want to call it to the attention of the Senate and would hope it might be accepted. The issue has been discussed in the committee. Can we have some assurance by the committee that it makes no significant difference?

Mr. STEVENSON. I share the Senator's concern and commend him for expressing it.

I represent the largest agricultural exporting State in the Union and I could not support this amendment if I thought it would have any adverse effect on our farmers or on our agricultural community in general.

The fact of the matter is that almost no matter how you look at it, demand for U.S. food, whether it is Kansas wheat or Illinois corn, is abnormal and is going to remain abnormal for a long time with the demand rising simultaneously at home and abroad.

So, the deletion of the word "abnormal" is very unlikely, in my judgment, to make any difference at all to farmers.

Certainly, in the case of the soybeans, with or without the word "abnormal," the Government would have had the authority with which to impose that embargo.

I thought the imposition of the soybean embargo was a terrible mistake. It is, however, possible in other circumstances that demand, whether it is for ferrous scrap or some other commodity, might not be abnormal by some test, yet could be causing very serious inflation and a drain of an essential commodity at home and, thus, require the imposition of controls.

It is for that reason that the committee recommends deleting the word "abnormal." It adds an element of uncertainty, of confusion. It is an unrealistic test, and one that is most unlikely to have any effect at all on the American farmer.

So I hope that on the basis of this colloquy, and the unanimity that has been expressed on this question here on the floor and also within the committee, that it might be possible for the Senator from Kansas to withdraw his amendment.

I certainly assure him that if under the changes in this act this or any other administration resorted arbitrarily to the use of export controls with adverse effect on our farmers, I would be among the first to join with him in changing the law to provide a different and perhaps more realistic standard than the now "abnormal" provides in the law.

Mr. DOLE. Will the Senator yield?

I do appreciate the expression by the distinguished Senator from Illinois and the distinguished Senator from Oregon.

I think we are in accord; we all represent agricultural States. There are large exports from the State of Oregon, from the State of Illinois, from the State of Kansas, and from other States across the country. Agricultural exports, of course, are very important to our States.

I do not intend to suggest either Senator would bring a bill to the floor that might impose any hardship or restriction on potential exports.

This exchange has been very helpful. It does make some guide to those who would have authority to impose export controls.

Under existing law as it deals with agriculture, before the President can impose export restrictions on any agricultural commodity, the Secretary of Agriculture must certify that the supply of such commodity is not in excess of requirements for the domestic economy.

It is my understanding that S. 3792 does not affect this latter provision relating to agriculture. So on the basis of the exchange with the Senators from Oregon and Illinois, I think it best not to withdraw the amendment. I would like to have the record show it was offered, but I am certainly willing to accept the decision on a voice vote of the Senate.

Mr. STEVENSON. I am glad the Senator made that point. He referred to the additional safeguard that does remain in the Export Administration Act for the farmers.

That provision has not been changed by this legislation.

The PRESIDING OFFICER. Do both sides yield back the remainder of their time?

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

Mr. PACKWOOD. Mr. President, I do not yield yet.

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

The second assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered. What is the will of the Senate?

Mr. PACKWOOD. I yield back the remainder of our time.

The PRESIDING OFFICER. All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Kansas (putting the question).

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed——

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. JAVITS. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 1 line 7, after "Sec. 2" insert "(a)".

On page 1, between lines 8 and 9, insert the following:

(b) Section 3(2)(A) of such Act is amended by striking out "and" and inserting in lieu thereof "or."

Mr. JAVITS. Mr. President, this is not the 40-minute amendment; it is an ordinary amendment, with a 30-minute limitation. I yield myself 3 minutes.

The purpose of this amendment is strictly to deal with the declaration of policy in the basic act which is here being dealt with. The basic act is a little out of date in terms of the problems which now face our country.

I wish to emphasize that my intercession in respect to this whole bill is only because inflation is very directly involved, now, in respect to food prices and food exports; otherwise I would leave it to the agricultural experts and the Committee on Banking, Housing and Urban Affairs. But under present circumstances, it really affects us all.

It will be noted that the particular section that I have in mind to deal with here in this rather brief but I think important amendment, in terms of the purposes which we are trying to serve, appears in the third line of sec. 3(2)(A) on page 12 of the committee report. That purpose reads as follows:

> It is the policy of the United States to use export controls (A) to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of . . . foreign demand.

My proposal would be to separate the two concepts, "to stop the excessive drain of scarce materials," or "to reduce the serious inflationary impact of foreign demand."

The reason for that, Mr. President, is that we would have a right to consider—that is why this would go in as a matter of policy, rather than as a mandatory direction—as one of the criteria for imposition of export controls, whether it drains scarce materials or gives us a serious inflationary impact, in the event that foreign demand creates that inflationary impact.

Second, Mr. President, as we stand now, joining these two requirements with the word "and," we have the problem that an excessive drain of scarce materials may not immediately cause a serious inflationary impact, but our situation is now so bad in respect to inflation that we cannot actually wait until the inflationary impact hits us before we deal with export controls.

Finally, Mr. President, on this particular matter, in the recent example of price controls there was an excessive drain, as we all know, based on the tremendous reduction which has taken place in even the minimal reserves which are now on hand respecting the major farm commodities like wheat; and there was no inflationary impact immediately, but an inflationary impact was delayed and occurred at a later time, so that this definition would not have been met then and there.

Yet, as we all know, and as, for example, the Investigations Subcommittee of the Committee on Government Operations, of which I am one of the two ranking members, has found, the inflationary impact, though deferred, of the Russian wheat deal, nonetheless was a serious stimulus to what could almost be characterized as a runaway price.

So for all of those reasons, Mr. President, and recognizing that we are now in a different kind of a world, and as so much of this act states that it has relation to the fundamental policy of the United States, I believe—and I am speaking now not in the sense of an agriculturist, but strictly in terms of the interests of consumers—that the policy of the United States ought to be both to deal with the danger of the excessive drain of scarce materials and to deal with the danger of the serious inflationary impact of foreign demand.

As I have pointed out, this is simply a declaration of the basic policy of the United States, which this amendment seeks to make cover both contingencies instead of the one with two criteria. That is the whole essence of the amendment, and I would hope very much that all of us would recognize that this is the idea.

I might point out that in the House

of Representatives that construction prevailed. In the other body they did use the word "or."

The PRESIDING OFFICER. Who yields time?

Mr. PACKWOOD. Mr. President, I yield myself 3 minutes. Will the Senator from New York yield?

Mr. JAVITS. Of course.

Mr. PACKWOOD. Again I want to be specific. Let us take wheat, for example. We will grow about 1,900,000,000 bushels this year in this country, give or take 50 million bushels, and will use only 700 million bushels domestically; so we are not short of wheat. It is not a scarce commodity.

But if we change the "and" to "or", does that mean we cannot export any wheat, or where do we trigger it? Does there have to be a serious inflationary increase in the price of wheat, or does it have to be a serious overall economic impact to the entire economic picture?

Mr. JAVITS. The latter.

Mr. PACKWOOD. The latter?

Mr. JAVITS. As the Senator knows, I am very deeply concerned with exports and maintaining exports, and our balance of trade demands it. As a matter of fact, today agricultural exports are critical. We are just mighty lucky that we have them, and that this is the great granary of the world.

The only thing I am trying to effect by the two amendments I propose—and I have separated them because they really have a thrust in different directions—the only thing I am trying to do is give us the tools with which to work, nothing else.

In other words, if Congress is persuaded that an export control is required to avoid a really substantial inflationary impact, which means an impact on price of whatever is our crop situation, for example, there is no question about the fact that if we have as low a carryover—and, Senator Packwood, I hope you will help me because I do not pretend to be an agricultural expert, I am not, but I do know something about economics and price, and that is the only area in which I speak—but, as I understand it, there could be a very major influence on price with a very low carryover, and that looks like it is indicated for our country, so I have no desire whatever—I do not think I am—of doing anything which in any way prejudices not only the idea of having agricultural exports but their great desirability, with which I thoroughly agree.

The only thing I am trying to do is establish criteria which deal with both shortages of supply and inflationary impact.

What we do with that will be up to Congress or whatever machinery we set up in this law which gives control either to the Secretary or to Congress.

I might say, in advance, that I have been much impressed with the fact that whatever is done in this field should be done by Congress, and the next amendment I will propose will be to vest that power in Congress rather than in any official, but to allow us to have the recommendations of the appropriate official. However, my purpose in this is solely to recognize that in the new shape we are in, a serious inflationary impact should also be a criterion. We may or may not follow it, but at least it should be recognized as a criterion, and I mean the latter part of your two-part definition, the overall economic situation, not strictly the question of what the size of our crop is, how much we have for export, and so forth.

Mr. PACKWOOD. If the Senator is talking about the entire national economy, we are going to be hard-pressed to find any export of a commodity, be it scrap iron or wheat, that has that dramatic effect on the overall economy.

Mr. JAVITS. That is right.

Mr. PACKWOOD. It would have to be an extraordinary event.

Mr. JAVITS. It really would, and that is what I have in mind; it would have to be extraordinary. But we went through one. I mean, when we look at the price of wheat at $6 a bushel from what it was then this grain deal was made, I would point out to the Senator that we really, until we begin to debate this bill, have had no reaction to that situation in terms of statutory tools.

Mr. PACKWOOD. But the point I would raise exactly on the wheat, when it hit $6, although it has fallen to——

Mr. CURTIS. $3.75.

Mr. PACKWOOD [continuing]. About $3.75, wheat is a very small part of the cost of bread, and I think you could not make a valid argument that you had a serious national inflation not just as it relates to the price of wheat but overall from the export of wheat to the Soviet Union.

The deal was unjustified. The Department of Agriculture got caught by surprise, and we got taken. But whether or not that caused a serious national inflation I think probably is not true.

Mr. JAVITS. If I could say to the Senator, I doubt very much—I thoroughly disagree with him—that in any one item you would run into that situation, but you could run into that situation if some price leader touched off an inflationary move in other directions as well or if, coupled with moves in other directions, that is, orther agricultural commodities, et cetera, you did have a serious inflationary impact.

In any case, all I say is it should be a tool in our hands so that our policy says that we are going to look at this both from the point of view of shortage and from the point of view of serious inflationary impact, and we are not going to be blind to the fact that we are living in a new world situation.

Mr. PACKWOOD. Mr. President, I will yield to the Senator from Nebraska.

The PRESIDING OFFICER. Yield time on the bill?

Mr. PACKWOOD. Time on the bill.

Mr. CURTIS. Mr. President, my distinguished friend from New York (Mr. JAVITS.) is so able and so persuasive that he almost persuades people when it is wrong, and he is wrong now.

This little change is contrary to the trade policy of the United States. It makesit easier; it is an inducement, to impose export controls.

The country got excited and pressured this government into imposing an export control on soybeans. What happened? Purchasers all around the world proceeded to find a new place they could buy. Acres upon acres of additional soybeans are planted in South America as a result of the blunder of this country imposing export controls.

This is contrary to the whole concept of our trade, which is to have a situation where there would be no Government export controls imposed.

Now, let us keep this in mind: About 100 people out of 100 consume food, and about 5 percent produce it, and so those who produce it will be the whipping boy all the time.

At the highest price of wheat it cost 8 cents to buy wheat for a loaf of bread, and the loaf of bread was selling for around 47 cents.

Someone asked me, saying, "What are you going to do if the price of bread goes to $1." Well, the thing to do is to put some city slickers in jail because wheat could not and would not go that high at all.

Let me say something about this Russian wheat deal. As a matter of fact, our exports of agricultural products were not something to be proud of in the days gone by. We had surpluses of everything. We were giving away food. We had the Public Law 480 plan, we had plans whereby we paid the freight and almost paid foreigners to take our surplus grain because we were spending hundreds of millions of dollars every year to store surpluses. So with that pattern over several years, along comes a chance to sell the Russians some wheat.

Nobody complained about the plan before, but the fact that we had a customer they said, "Oh, no, this is terrible."

Well, here is how terrible it was. The farmers of America have collectively enjoyed 80 percent as much prosperity as the nonfarm population. When the Russian wheat deal——

The PRESIDING OFFICER. The 3 minutes of the Senator from Nebraska have expired.

Mr. CURTIS. I was operating under time from the bill.

Mr. PACKWOOD. Time from the bill; I thought we had 2 hours. Fine, I yield 3 more minutes.

Mr. CURTIS. I thank my friend from Oregon.

At the time the so-called Russian wheat deal was made the price of wheat to farmers in my State was about $1.41. We got rid of all that surplus. The Government is not holding a big surplus to keep a cloud over the market. While the price then was just temporarily up to $5 or $6, it is about $3.75 now, where the price should be.

Agricultural prices are not too high. The cost of fertilizer has gone up two or three times. The cost of tractor fuel has gone up in the same proportion, as everybody knows, as the price of gasoline has gone up.

This is a proposal to place the burden for causing inflation upon the agricultural people of this country who traditionally have lived on a lower standard, had less income than the rest of the population.

Now, what do we do? At the present time, it provides that "to protect the domestic economy from the excessive drain of scarce materials, and to reduce the serious inflationary impact of foreign demand," it is proposed that we change "and" to "or" so we could have a situation where we have all sorts of supplies in this country but, if somebody, an economist, a bureaucrat or someone, says this is inflationary, the pressure starts for export controls.

Mr. President, the only bright spot we have in foreign exports is in agricultural products. Why do we want to send out word to the purchasers of agricultural products, "Do not buy from Uncle Sam," because in order to appease in this country an export control program might be slapped on at any time.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CURTIS. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

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

The PRESIDING OFFICER. On whose time?

Mr. CURTIS. It does not matter to me.

Mr. JAVITS. Mr. President, if the Senator will withhold his request I would like to have the amendment debated slightly. We can always get the yeas and nays, unless the Senator particularly wishes to do so at this time.

Mr. CURTIS. No; it does not matter to me when we get them.

Mr. JAVITS. Mr. President, I yield myself 3 additional minutes on this particular amendment.

The PRESIDING OFFICER (Mr. TOWER). The Senator from New York is recognized.

Mr. JAVITS. Mr. President, I have heard the argument of the Senator from Nebraska with great interest, but all the Senator argues is that we should not do it, not that we should not give ourselves the authority if we wish it. All I am arguing is for the authority.

In short, we must exercise whatever authority we have providently, but that does not mean we should not have the authority.

The Senator argues that agricultural prices are not too high today and, therefore, let us not impose export controls. I do not say to impose export controls, but I do say that, having gone through the experience we have, the policy of the United States should take into contemplation what has occurred in terms of our difficulties.

It is very well known and there has been widespread discussion about the fact that, as far as farm commodities are concerned, the consumer has to have something to say in respect to them if there is going to be a balanced policy on the part of the United States. We cannot just go on pouring out resources of the United States, whatever may be the effect on the internal economy of the United States. Right now I think we have a right to balance our situation by at least giving us the necessary authority.

I might point out, too, that I think the House of Representatives is probably just as compassionate to the farmer as the Senate. The House, in its version of this very bill, has done exactly what I am urging upon the Senate. The House has provided that the Secretary of Commerce, in consultation with the appropriate U.S. departments and agencies and any technical advisory committee, shall undertake an investigation to determine which materials or commodities shall be subject to export controls because of the present or prospective domestic inflationary impact on short supply of such material.

That is exactly what I suggested, not even making it as strong as what is contained in the House bill, but just saying we should recognize now the equal interest of the consumer in inflation and the farmer. I am not trying to inhibit. I am just trying to give us the necessary policy that will be evenhanded in that regard.

I would like to point out that I am sustained in this by very considerable authority. A very distinguished newspaper like the London Economist, in its April 1974, issue reports the fact that in their opinion it is the unprecedented tripling of wheat prices and the doubling of soybeans, animal feed, and beef prices over the past 2 years more than any other factor that stoked up economic inflation.

I believe that is a widely held belief in the United States; that that has been the situation. I believe our farm people have been very cognizant of this. We should have a definition of our policy which at least calls for an even balance as between the demands of the farmer; and we are very proud to state that affirmatively, and the productivity, technology and tremendous contribution our farm people make to this whole country, but we should have some balance in the consumers' interests, in terms of inflation.

The reason I asked the Senator from Nebraska to wait a minute before asking for the yeas and nays is the following. I did not frankly think we would have any great problem about the policy.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. JAVITS. I yield myself 2 additional minutes.

I did not think we had any great problem about the policy. If we have, the essence of what I think ought to be our authority is contained in the second amendment which I was going to offer, which I would like to read to the Senate.

As the House has adopted this provision that I am contending for, and it is going to be in conference anyhow, it may well be that if there is less difficulty about the second provision, we can simply adopt that so that is in conference, and then go on to other business.

The provision which I would propose to add as a second amendment which I was going to propose deals with the reporting section of this bill, which is section 4. The provision calls for certain reports to be made to the Secretary and to add this requirement—to add, I emphasize; I am taking nothing out, I am just going to add—that within 90 days after the beginning of the crop year, the Secretary of Agriculture shall determine which commodities, if any, subject to the reporting requirements of section 812 of the Agricultural Act of 1970——

Mr. PACKWOOD. Will the Senator yield?

Mr. JAVITS. Yes, I yield.

Mr. PACKWOOD. Which section are you amending?

Mr. JAVITS. I am amending the reporting section, section 4.

Mr. PACKWOOD. I thank the Senator.

Mr. JAVITS. Within 90 days after the beginning of the crop year, the Secretary of Agriculture shall determine which commodities, if any, subject to the reporting requirement of section 812 of the Agricultural Act of 1970 are likely to be in short supply. A commodity shall be determined to be in short supply if the Secretary of Agriculture estimates that the total quantity of the commodity that will be produced in the crop year will be insufficient to provide for anticipated domestic consumption, commercial exports, programed food assistance commitments, disaster relief assistance and other emergency assistance, and for a reasonable carryover at the end of the crop year.

The Secretary of Agriculture, with the concurrence of the Secretary of Commerce, shall submit his findings to Congress, together with a plan or plans to cope with the anticipated shortage.

Now, Mr. President, if that would sound agreeable to the managers of the bill, I would be willing to forego the first amendment, because, as I say, it will be in conference anyhow.

The PRESIDING OFFICER. Who yields time?

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

Mr. JAVITS. I ask unanimous consent that the time be charged to neither side.

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

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I withdraw the amendment which is pending.

The PRESIDING OFFICER. A quorum call is in progress.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be suspended.

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

Mr. JAVITS. Mr. President, I withdraw the amendment before the Senate and send another amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

At the end of the bill, add the following:

AGRICULTURAL COMMODITIES

Sec. 4(f) of the Export Administration Act of 1969, as redesignated by section 3 of this Act, is amended by inserting "(1)" immediately after "(f)", and by adding at the end thereof the following:

"(2)" Within ninety days after the beginning of the crop year the Secretary of Agriculture shall determine which commodities, if any, subject to the reporting requirements of Section 812 of the Agricultural Act of 1970,

are likely to be in short supply. A commodity shall be determinined to be in short supply if the Secretary of Agriculture estimates that the total quantity of the commodity that will be produced in the crop year will be insufficient to provide for anticipated domestic consumption, commercial exports, programed food assistance commitments, disaster relief assistance and other emergency assistance, and a reasonable carryover at the end of the crop year. The Secretary of Agriculture with the concurrence of the Secretary of Commerce shall submit his findings together with a plan or plans to cope with the anticipated shortage.

Mr. JAVITS. Mr. President, the amendment I am offering will require the Secretary of Agriculture to look ahead and estimate whether certain important raw agricultural commodities, now subject to the reporting requirements of the Agricultural Act of 1970, will be in short supply during the crop years. If the Secretary of Agriculture finds that certain commodities will be in short supply, he will transmit this information to Congress, together with a plan to cope with the shortages. The Secretary of Commerce would participate in this system.

Mr. President, it is scarcely believable that 2 years after the Russian wheat deal, which the Permanent Investigations Subcommittee just reported resulted in product shortages and higher prices for the U.S. consumer, we still do not have an advance warning mechanism and requirement for planning to head off such events in the future. The amendment I am proposing would do nothing to require the imposition of export controls, which should be applied only as a last resort, but it would at least require that the Department of Agriculture develop a plan to cope with shortages and submit such a plan to Congress. This is a minimum requirement, and is the very least the American people should expect. We cannot afford either a repetition of the hurried and disruptive application of export controls, such as last year's export controls on soybeans which substantially damaged our relations with the Japanese and Europeans, or the unchecked purchase of one-fourth of our wheat crop by the Soviet Union.

We are approaching a critical condition with regard to the world food supplies, with starvation in Africa, very low levels of reserves, and sharply declining estimates of U.S. grain crops. We would be irresponsible if we allowed this situation to deteriorate without requiring a planned and responsible approach to commodities in short supply. Mr. President, there have been a large number of articles recently on these problems, and I ask unanimous consent that these be printed in the RECORD.

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

[From the New York Times, July 26, 1974]

EXPERTS ASK ACTION TO AVOID MILLIONS OF DEATHS IN FOOD CRISIS

(By Boyce Rensberger)

From drought-besieged Africa to the jittery Chicago grain market; from worried Government offices in Washington to the partly-filled granaries of teeming India, the long-predicted world food crisis is beginning to take shape as one of the greatest peacetime problems the world has had to face in modern times.

With growing frequency, a variety of leading individual experts and relevant organizations are coming forth to warn that a major global food shortage is developing.

They say it is almost certain to threaten the lives of many millions of people in the next year or two, and they urge international action to prevent a short-term crisis from becoming a chronic condition.

A DIFFERENT SITUATION

While there have always been famines and warnings of famine, food experts generally agree that the situation now is substantially different for these reasons:

World population is expanding by larger numbers each year, especially in the poor countries that are most susceptible of famine. Last year, the population increased by 76 million, the largest increase ever. The number of mouths to feed throughout the world has doubled since the end of World War II.

While agricultural production has generally kept pace, it has done so by increasing reliance on new, high-technology forms of farming that are now threatened by shortages of fertilizer and energy and soaring prices of raw materials.

The grain reserves that once made it possible to send emergency food to stricken areas are now largely depleted. The huge American farm "surpluses" that were such an item of controversy in the nineteen-sixties have long since been given away or sold and eaten. The world stockpile of grain that, in 1961, was equivalent to 95 days of world consumption has fallen to less than a 26-day supply now.

As the Arab oil embargo hastened the beginning of the energy crisis, so a major global shortage of fertilizer, precipitated by the oil squeeze, is cutting into this year's agricultural productivity in several populous countries.

SOONER THAN EXPECTED

The lack of fertilizer and rain and the untimely arrival of rains in some areas, are, in the view of many international food authorities, bringing the world to a food crisis sooner than had been expected a year or two ago.

The fertilizer shortage has already stunted the latest wheat crop in India and will likely reduce the succeeding crops so severely that by this autumn India could be experiencing a famine of sizeable proportions. Unless massive international aid is forthcoming, Norman Borlaug, the Nobel Prize-winning developer of high-yielding wheat, has forecast, from 10 million to 50 million persons could starve to death in India in the next 12 months.

His forecast is based on the calculated number of people the wheat shortfall would have fed plus a factor for the shortfalls expected in crops not yet harvested but lacking fertilizer and rain.

In other parts of Asia and in Latin America where supply has long barely met and sometimes failed to meet demand, people are beginning to experience unusually severe food shortages. The food that is available has become so costly that the meagerest of meals for millions of poor families take from 80 to 100 per cent of their incomes.

EXPERTS NOT OPTIMISTIC

And in Africa the long drought conditions. International relief agencies forecast that the effects in coming months could be more severe than ever because the people have been weakened by previous years of deprivation.

Before this year is out, many food experts fear, the soaring curve of food consumption will have overtaken the gentler slope of food production for the vast majority of the world's people, bringing more of mankind to hunger than ever before.

Many food and international relief experts say privately that they are not optimistic about how fast the rich countries will respond to a large famine. "It may take 50 or 100 million deaths before people are moved to find some kind of effective, long-term solution," one foundation official said.

A number of experts believe that the crisis may try the humanitarian potential of the American people—who control the world's largest source of food—as never before. Increasing social and political pressures within affected countries and growing stresses on "business as usual" international trading practices may test to the limit the ability of world leaders to cooperate.

Addeke Boerma, director general of the United Nations' Food and Agriculture Organization, said that the international community must soon come to terms with "the stark realities facing the people of this planet."

"Remember," Mr. Boerma said, "that, for one thing, prolonged deprivation leads people to desperation. Desperation often leads them to violence. And violence, as we all know, thrives on enlarged prospects of breaking down restraints including those of national frontiers."

Norman Borlaug often warns of the same thing when he says, "You can't build peace on empty stomaches."

The growing food shortage began to become critical in 1972, when a lack of rain in many countries led to poor crops. World grain production fell 4 per cent, a significant drop because the demand for food grows by 2 per cent each year. Drought in the Soviet Union caused that country to buy in 1973 one-fourth of the United States wheat crop.

"This small change was enough to cause violent responses in prices and shifting of foreign exchange expenditure and human suffering," said Lowell Hardin head of agricultural programs for the Ford Foundation, a major supporter of agricultural research.

Poor weather this year, coupled with the fertilizer shortage, is expected to limit crop yields sharply again. The effects will, of course, be felt most severely in countries where the nutrition levels are already inadequate.

Although areas of malnutrition exists in virtually all underdeveloped countries, by far the greatest food problems now exist among the 700 million people of India, Pakistan and Bangladesh. Other large problem areas are in the drought-stricken regions of Africa, in northeastern Brazil, among the Andean Indians, and in the poorer parts of Mexico and Central America.

The Overseas Development Council, a private "think tank" that studies the world food situation, estimates that one billion people suffer serious hunger at least part of the year. The F.A.O. estimates that 400 million people are malnourished, but adds that "a less conservative definition [of malnutrition] might double the figure."

According to the World Health Organization, ten million children under the age of 5 are now chronically and severely malnourished, and 90 million more are moderately affected. While undernourished children may remain alive for a while, they are extremely vulnerable to minor infectious diseases.

"Where death certificates are issued for preschool infants in the poor countries, death is generally attributed to measles pneumonia, dysentery or some other disease when, in fact, these children were probably victims of malnutrition," said Lester Brown, senior fellow of the Overseas Development Council.

W.H.O. figures show that of all the deaths in the poor countries, more than half occur among children under five, and that the vast majority of these deaths, perhaps as many as 75 per cent, are due to malnutrition complicated by infection.

While most people recognize that protein deficiency is a major problem, few appreciate that many people also suffer from a lack of starchy foods, which supply calories for energy.

BELOW THE MINIMUM

"Average calorie intake in countries containing close to two-thirds of the world's people is below the nutritional minimum required for normal growth and activity," Dr. Brown said.

Even in countries where protein and calorie intake may be adequate, there can still be malnutrition due to deficiencies in one or more trace nutrients. W.H.O. authorities estimate that 700 million people now suffer iron deficiency anemia severely enough to impair their ability to work.

Every year hundreds of thousands of children, especially in Southeast Asia, go blind due to a lack of the leafy green or yellow vegetables that supply vitamin A.

Perhaps the most widely publicized recent hope for improving world food production is the controversial "Green Revolution," the use of new seed varieties that respond to irrigation and fertilizer with vastly increased crop yields.

Although the new, high-yielding strains involve mainly only two kinds of crops, wheat and rice, the potential benefits are significant because each of these grains supplies one-fifth of the world's food, more than any other source, plant or animal.

In Asia, where the situation is most critical, cereal grains, meaning wheat and rice almost exclusively, supply 74 per cent of the calories consumed. In North America, cereal grains supply only 24 per cent of the caloric intake. The difference is that North Americans and, increasingly Europeans and Japanese, consume large quantities of meat, milk and vegetables.

However, because much of the meat and dairy products consumed in the United States require grain for their production, the average American diet requires about five times as much grain to be grown as does the average Indian diet.

The "Green Revolution" has been criticized as giving all the advantages of large-scale high-technology farmers who then squeeze out their smaller competitors. Because most of the world's farmers have been too poor to buy irrigating equipment and fertilizer and too isolated to get the needed technical advice, they have not taken advantage of the new farming methods as readily as have wealthier farmers.

NEW CREDIT SOUGHT

For these and other reasons, Green Revolution farming has not been practiced on one-half the arable land in any developing country, and in most of those countries it has been used on less than one-tenth the farmland.

Thus, agricultural researchers like Mr. Borlaug note, the full gains to be made through the Green Revolution have yet to be realized. Efforts are now under way through many agencies to develop credit mechanisms for small farmers to enable them to invest higher yields and to improve the teaching of new farming methods to small farmers.

In small countries where this has been done, such as Taiwan, where the average farm size is 2½ acres, it has been found that small farms outproduce the huge "agribusiness" farms of the United States. American farms yield an average of 3,050 pounds of grain per acre per year. Taiwanese farmers get 3,320 pounds.

While a long-term solution of the world food crisis depends on fundamental changes in the policies and practices of most small countries, the short-term solutions, many authorities feel, depend more on United States policy.

From the mid-nineteen-fifties to the nineteen-seventies, while the United States Government was buying surplus grain to keep market prices up, much of the developing world relied on this excess production to prevent famine. Through a change in Department of Agriculture policy, American grain reserves have now been largely eliminated.

To an extent greater than many people realized, it was American surpluses that stood as the world's buffer between enough to eat and famine. Now there is considerable controversy over whether the United States should reestablish large grain reserves or, as an alternative, contribute to a proposed world granary that famine-stricken nations could draw upon.

The debate includes concern over the impact of an American reserve on domestic prices, with the perennial conflict between farmers who want to sell for high prices and consumers who want to buy for low.

Although many food experts see a world grain reserve as essential in dealing with sporadic famines, most agree that, for the long range, even the vast productivity of American farms cannot forever make up the world's food deficits. Population is growing too large.

While every country produces all or most of the food it consumes only a handful produce much more than enough for domestic needs, thus providing large quantities for export. Besides the United States, the major food exporters include Canada, Australia and Argentina.

REALISTIC SOLUTION

For the long-term solutions, few experts see any realistic solution other than to intensify the agriculture within the developing countries, trying to make each country as nearly self sufficient as possible. The agronomists note that because agriculture in the United States and other developed countries is already operating near the limits of presently available technology, whatever gains that can be expected must come from improvement in the countries where agriculture remains poor.

However, the experts note, upgrading agriculture in the poor countries will not be easy, because that effort would depend on ample supplies of fertilizer (and the petroleum from which much fertilizer is made), irrigation equipment and know-how, new credit mechanisms and continuing plant-breeding programs to adapt the better strains to local climate conditions.

Much of this effort is becoming increasingly costly in a world of scarce resources and tight markets.

Many experts, such as George Harrar, a pioneer in breeding better food plants and a former president of the Rockefeller Foundation, see difficult conflicts between the humanitarian desire to rescue famine victims with food handouts and the need to increase incentives for poor countries to become more self-reliant in food.

"Why should we feed countries that won't feed themselves," Dr. Harrar often challenges.

While no one advocates abandoning innocent famile victims, many agree with Dr. Harrar that ways must be found to end the history of dependence on the United States for food that many small countries have had.

Because of the great complexity of the food problem, and because of the increasing interdependence of nations in matters of food, fertilizer, energy and raw materials, many authorities see a need to develop new world institutions to deal effectively with the problems.

Even then, most experts are not sanguine, for there remains the problem of population growth.

"I don't think there's any solution to the world food situation unless we get population stabilized," said Sterling Wortman, vice president of the Rockefeller Foundation. "Those of us who have been working to increase the food supply have never assumed we were doing any more than buying time."

[From the New York Times, July 26, 1974]

IN MIDWEST, DROUGHT WORSENS

(By Seth S. King)

CHICAGO, July 25.—A Midwestern drought has begun to reduce this year's corn and soybean crops and many farmers are hoping, some desperately, for rain this week to save them.

Hundred-degree temperatures have taken their toll on the crops and have shriveled the grass on the cattle ranges. Even if rain comes the price of beef is likely to rise later this year because the smaller crop will increase the cost of feeding the cattle.

In parts of the corn belt, crops that escaped the spring deluges were still thriving. Rain in the next week could save the corn and soybeans harvests in many other areas, though the yields would be below average.

But in eastern Nebraska, where about half of the corn crop is not irrigated, drought damage has been so severe that many farmers were giving up and cutting the stunted plants for silage.

In southwestern Iowa, where the corn is now in the delicate pollination phase, Agriculture Department agronomists say that the crop will be badly damaged if it does not rain within six days.

In many areas soybean crops were already behind schedule because rain delayed spring planting. But soybeans withstand head and lack of rain better than corn. If it rains during the next two weeks, the soybean crops will survive.

OVER-ALL PICTURE BRIGHTER

While scattered drought conditions will result in serious losses for some grain farmers and a lower total corn and soybean crop than the Agriculture Department was expecting earlier this month, there was no threat of food shortages in the United States.

"It's certainly serious for some farmers, but it's by no means a catastrophe yet," said Rod Turnbull, spokesman for the Kansas City Board of Trade and a former farmer editor of The Kansas City Star.

"We've already harvested the biggest winter wheat crop in our history and while the spring-planted wheat may be hurt some, we could still get the biggest total wheat crop we're ever raised in this country," he said.

Only a fraction of the wheat crop is used for livestock or poultry feed. Corn and sorghum, supplemented with soybean meal, are the basic feeds. Smaller production of these crops will certainly mean higher feed costs for cattle, hog and poultry raisers.

Feed-grain prices are already at record levels and many cattle and hog feeders, to cut their losses, have been reducing the numbers of animals they are fattening.

HIGH HOPES DASHED

With all planting restrictions off this year, the Agriculture Department was hoping for bumper corn and soybeans crops, lower feed grain prices, and a resulting increase in cattle, hog, and poultry supplies this fall, which should have resulted in lower prices for the consumer.

But in many parts of the Middle West, torrential spring rains washed out some corn and delayed soybean plantings. Now some of these same areas are dangerously short of rain and the severe heat of the last two weeks has made the threat to the late-planted crops even greater.

The Agriculture Department, which had originally forecast a corn crop for October of 6.6 billion bushels, revised this in the middle of July to a range of 5.95 billion to 6.35 billion. The Department also reduced its soybean outlook from 1.5 billion bushels to a range of 1.39 billion to 1.47 billion bushels.

Today, private grain-trade forecasters thought the heat and drought could cut the corn crop to 5.5 billion bushels. They were more cautious in estimating the soybean crop, but believed it could still come within the Agriculture Department's outlook.

But even a drop to a 5.5 billion yield would mean a crop as large as that of 1970.

POSSIBLE EFFECT

If the heat and lack of rain continue to damage range grasses, many ranchers in western Nebraska and eastern Colorado will have to send unfattened cattle off their pastures and directly to the stockyards.

This would mean financial losses for them and a further decline in live beef prices. But it would also mean even fewer cattle going into feed lots and an even sharper drop in the supply of prime and choice grade beef for consumers this winter.

The grass is deteriorating badly all through the western Nebraska ranges," according to Duane Foote, a University of Nebraska agronomist. "We haven't as yet seen any big movement of cattle off these ranges," he said today. "But a lot of ranchers won't be able to hang onto them much longer if they don't get some good soaking rains soon."

[From Newsweek, Aug. 5, 1974]

AFRICA'S DISASTROUS DROUGHT

(By Andrew Jaffe)

On the outskirts of Niamey, the capital of Niger, 20,000 nomads cluster in a pocket of disease and pestilence that passes for a refugee camp. The smelly four-day-old carcass of a donkey rots in the sun near the camp's main waterhole, and children—their bellies bulging from untreated parasites—play nearby. "There is almost no malnutrition here," says a complacent Red Cross worker. But just then several mothers pass by carrying babies with yellowish hair and skin like papier mâché. They are suffering from marasmus—progressive emaciation.

At a camp in Dessiye, Ethiopia, 6,000 barefoot peasants huddle together for warmth as they wait for food. Some are half naked; others cling to rags so filthy that they are alive with flies and lice. Many of the children show signs of pneumonia and tuberculosis, and much of the camp is afflicted with crippling diarrhea. To while away the time, the children make long whips out of hemp and then lash each other in cruel delight.

In camps across north-central Africa, 1.5 million men, women and children are leading a brink-of-death existence. They are refugees from the great drought that has scourged sixteen African nations for several years (map, page 59). At best the camps provide the barest food and health care; at worst, they are hellholes. But the Africans who inhabit the camps are, in a way, the lucky ones. Another million Africans have already died of hunger and disease. Five to 10 million more are starving in the African bush or the slums of drought-area towns. The African drought is one of the great catastrophes of the twentieth century. And the response of the world community and the African governments themselves has, in many ways, only compounded the tragedy.

The drought began in the Sahel—an arid savanna that stretches across six nations on the southern fringe of the Sahara desert. The natives of the Sahel are among the world's poorest people—ragged, cattle-raising nomads and subsistence farmers. When the region's meager rainfall failed in 1968—the result of a change in the global weather pattern—25 million Africans were soon hard pressed for a living. As the brutal dry spell continued and desperate nomads cut down trees and shrubs to feed their starving cattle, the Sahara itself moved southward at a rate of 30 miles a year. Eventually the drought spread east into the provinces of northern Ethiopia. "We have eaten more sand this year than in our thirteen years here," one European missionary in Western Niger told me. "There is not enough vegetation to hold back the desert." Today, in an area the size of the continental U.S., the streams and watersheds of north central Africa are dusty, rocky beds. Even Lake Chad, one of Africa's principal bodies of water, has been reduced to a sea of mud and small ponds.

The reaction to the drought is an unedifying tale of official incompetence and inactivity. As herds died, hungry Africans by the hundreds of thousands began to drift to the edges of towns and cities. But the pride—or terror—of the governments concerned kept them from admitting the scope of the problem or sounding a timely alarm. This was particularly true in Ethiopia, where local officials long ago reported to the Cabinet that a northern famine had begun. When frantic men, women and children fleeing drought-stricken Wollo province appeared near Addis Ababa, authorities locked them up and left them to starve. A military coup has since overthrown the government of Ethiopia, and an investigation of this official indifference to the famine is under way.

Hushed Up: To make matters worse, the vaunted "early warning system" of the U.N. Food and Agriculture Organization (FAO) first began reporting crop failures and food shortages in the Sahel in September 1972—years *after* they began. Though by then the situation was critical, it was a full eight months before FAO Director-General A. H. Boerma set up a five-man Office of Sahelian Relief Operations (OSRO) in Rome. In the case of Ethiopia, fear of offending Emperor Haile Selassie even led U.N. officials to hush up field reports that drought and hunger were affecting millions.

Not until last autumn did the FAO and experts from major industrial states survey the African drought region to determine the needs of each nation. The experts' figures—showing a need for nearly a million tons of food grain—were accurate enough. But the FAO failed to collate the data and organize a shipping schedule for donor nations until last February. Why the delay? OSRO chief J.V.A. Nehemiah's answer was candid if startling. "It's not such a long delay if you take into account that we had to break for the Christmas holiday," he explained. And U.N. coordinator in Niger Alexander Rotival lays blame at the door of the donor nations themselves. "In December and January we had almost no food coming in," he says. "Was it necessary for the donors to wait for us to finish before they started shipping?"

This delay has certainly cost lives. And it has increased the relief bill by millions of dollars. In June, for instance, the U.S. began an airlift of grain from Bamako to the wasted region of Mali around Timbuktu. Early this year, when the Niger River was navigable, supplies could have been moved for about $80 per ton. But now Mali's food needs are so urgent that emergency measures have become a necessity. According to the FAO, the airlift the U.S. has organized may come to $900 a ton. And a truck convoy that European nations have dispatched south across the Sahara from Algeria will cost more than $200 a ton.

BADGER

The relief effort that has been mounted is gigantic in scope. More than 120,000 tons of food a month are flowing from the U.S., Europe and Asia to the African interior. A small band of men share credit for finally getting the operation off the ground. One is former U.S. Ambassador to Mali Robert Blake. The State Department has never been overly concerned with the small and nonstrategic nations of north-central Africa, and Blake had to badger Washington for six months to shake loose funds for Malian disaster relief. Stephen Green, an American working for UNICEF, the U.N. children's agency, is the man responsible for first exposing the extent of starvation in northern Ethiopia. (The U.N. has since told Green, in effect, that his career as an international civil servant is probably finished.) And indefatigable Trevor Page, OSRO's 33-year-old British logistics officer, has managed to bully donors into line, break through bottlenecks all over Africa and personally set in motion the trans-Sahara truck convoy across Algeria.

But enormous problems remain. The food en route is grossly inadequate for the Africans' needs. And many drought victims are now so weakened from lack of nourishment that they are dying of simple afflictions like diarrhea. In the meantime, 200,000 tons of grain are stacked at the ports of West Africa waiting to be distributed. When I toured the area, some of the food had already rotted from improper warehousing. Much of the blame for this lies with the Africans themselves. Recently, for example, the FAO discovered that food bound for Chad was stalled at the Nigeria-Chad border. The reason: the wife of Chad's President owns the national truck monopoly and she wanted to ferry the food into Chad on her own trucks—at twice the going freight rate.

Furthermore, current relief projects deal only with short-term needs. In the view of experts, a coordinated master plan for water conservancy and land use is what north-central Africa really needs. That, of course, would be very costly. "What is required is probably $10 billion over a 25-year period," says Dr. Edward Fei, AID's regional coordinator for Africa. One partial solution would be to resettle nomadic tribes on newly developed farmland. But that idea is bound to meet with resistance from the nomads themselves. "We would rather die than leave the desert," the son of one Tuareg chief in Niger told me.

Reticent: African governments are not enthusiastic about joint, long-range planning either. Each is pursuing its own interest and when a master plan is suggested, officials react much like Senegal's Planning Minister, Ousmane Seck. "What we are afraid of," says Seck, "is that some of the developed countries will impose priorities on us that only benefit their economies".

Within the next few weeks, the need to solve Africa's water crisis will be dramatically highlighted by nature. The scanty rains that annually water the Sahel and neighboring regions will descend in a sudden flood. The torrent will wash out roads—and thus make the delivery of relief even harder. And ironically, if the rainy season amounts to anything this year, it may actually leave the Africans worse off than a continued drought would. For the chances are that a marginal crop will emerge from an extended rainfall. And then the world community, which is already tiring of its $500 million African relief effort, may seize the occasion to ignore the catastrophic drought and its victims. "What worries me," says one British relief worker in Upper Volta, "is that this year's rain may be a bit better. Then interest in the Sahel will dim. And people will forget the African drought before any permanent solution has got started."

[From the New York Times, July 29, 1974]

TWO U.S. AGENCIES SPLIT ON SUB-SAHARAN HUNGER

(By Leslie H. Gelb)

WASHINGTON, July 26.—Two major departments within the Nixon Administration cannot agree whether the hunger problem in sub-Saharan Africa is getting better or worse, and one of these agencies cannot even agree within itself.

An internal report of the Agency for International Development, released by Senator Edward M. Kennedy today, states that "the great drought is continuing to have catastro-

phic consequences." Yet a high Agriculture Department official told a Congressional committee last week that the situation was under control and "mass starvation averted."

To complicate matters, Donald S. Brown, deputy aid administrator for Africa, seems to disagree with his own staff's report. Calling it in a telephone interview a "draft report" that was going to be submitted to Congress anyway, Mr. Brown said that the problem of malnutrition and food distribution in sub-Sahara Africa had "vastly improved."

COMMENT BY KENNEDY

Senator Kennedy, Democrat of Massachusetts and chairman of the Senate subcommittee on refugees, said today in making public the report, "Famine conditions in Africa are spreading, and death and new catastrophe threaten millions of people in the Sahel and other parts of the continent."

He called on the Nixon Administration to "redouble its efforts in behalf of humanitarian relief and rehabilitation needs, and to speed up its use of special Congressional funds for this purpose."

According to the Senator's staff, the aid report was written on June 25 and is based upon United Nations surveys, American Government field studies, official cablegrams and reports of various voluntary agencies.

A copy of the report was made available to The New York Times. Its principal findings are the following:

While firm data are "almost impossible to obtain," the Health, Education and Welfare Department's center for disease control estimated that as many as 100,000 people may have died.

"It is obvious that this year the cumulative impact of inadequate or bare subsistence diets will leave many more susceptible to disease and more likely to succumb to it."

Seventy-six thousand metric tons of grain are currently backlogged at the port of Dakar, which serves Mali, Mauritania, Senegal and Niger. At the current rate of delivery of 13,000 tons a month, it will take six months to send this food to the country. Deliveries from Lagos in Nigeria will take over a year.

"The loss of livestock is uncalculable." The report goes on to state that known amounts of grain allocated to the area so far in 1973–74 by all donors "total over a half a million tons, or only 85 per cent of the estimated needs prior to the October harvests." The United States is providing about 45 per cent of this total, but not all has been shipped, according to the report.

Mr. Brown, who initially could not recollect this specific report, said, "Disease and malnutrition are substantially less than a year ago."

This view was closer to the position taken by Don Paarlberg, director of agricultural economics in the Department of Agriculture, in his testimony on July 23, 1974, before the House Agricultural Subcommittee on Operations.

In his testimony, Mr. Paarlberg said that the situation "could have been much worse." Of the quarter-million tons that Washington has pledged to the afflicted countries, Mr. Paarlberg said, "90 per cent has already arrived in West African ports."

"Because of United States experience and assistance in dealing with such emergencies," he continued, "bottlenecks have been eliminated, large quantities made available and mass starvation averted."

Mr. Paarlberg cited sub-Saharan Africa to support the point that "famine is not new but our ability to do something about it is."

Senator Kennedy said "The sense of urgency dramatized by conditions in the field is not fully reflected in the policies, priorities and programs of aid." He continued, "Although the record shows some meaningful progress in recent months, the fact remains that our Government's actions are too often belated and bogged down in bureaucratic red tape and indecision."

[From the New York Times, July 29, 1974]

SOVIET WHEAT SALE "INEPTLY MANAGED" SENATE PANEL SAYS

WASHINGTON, July 28. —Senate investigators charged grain sale to the Soviet Union in 1972 was "ineptly managed" from start to finish.

As a result, they said, taxpayers' money went to waste, food prices increased and public confusion resulted.

The conclusion was reached by the Senate Permanent Investigations subcommittee on the basis of a long inquiry and a series of public hearings.

In the summer of 1972, the Soviet Union bought more than 700 million bushels of grain from the United States, including 25 per cent of the nation's wheat crop.

GREAT GRAIN ROBBERY

Henry M. Jackson, Democrat of Washington, chairman of the subcommittee, charged that "the great American grain robbery" was born, nurtured and consummated in a climate of secrecy and bureaucratic negligence. "The Russians and the large grain companies reaped the major benefits," he said.

Senator Charles H. Percy of Illinois, the ranking Republican on the panel, said that "out of the Russian grain deal, U.S. consumers got product shortages and higher prices."

The report said that Earl L. Butz, who was then Secretary of Agriculture, had seriously underestimated the impact of the sales.

The report said the deal had created a shortage in domestic supplies, which drove up the price of flour-based products. It also raised the price of feed grains, and thereby the costs of meat, poultry and dairy products.

[From the Wall Street Journal, July 29, 1974]

FARM EXPORT SUBSIDIES SHOULD HAVE TIGHTER CONTROLS, PANEL URGES

WASHINGTON.—A Senate subcommittee urged legislation tightening up the Agriculture Department's money spigot for farm export subsidies, based on a long investigation of the 1972 grain deal with the Russians.

The Senate Government Operations Investigating Subcommittee said it didn't find any evidence of conflict-of-interest or other wrongdoing on the part of federal officials in the massive sale of 700 million bushels of grain to the Soviet Union that year. But the subcommittee accused the Agriculture Department of plenty of bureaucratic bungling.

"At virtually every step," said the subcommittee's report, "from the initial planning of the sale to the subsidy that helped support them, the grain sales were ineptly managed. The result was public confusion, waste of taxpayers' dollars and higher food prices."

The subcommittee especially was critical of what it estimated as a $300 million payment in export subsidies to private U.S. grain traders that year. The subsidies, originally intended to encourage grain companies to sell wheat at "world" prices lower than the U.S. domestic price, were stopped after White House budget officials decided the heavy shipments to Russia made them unnecessary.

The Secretary of Agriculture currently decides whether to pay an export subsidy and how much it should be. While the wheat subsidy still isn't being paid, the subcommittee said a more formal decision-making method should be followed if an Agriculture Secretary ever wants to resume it.

The panel said legislation is needed requiring that the final decision be made in the form of a presidential Executive Order. Before the order is published, the new law would require the Agriculture Department to hold a public hearing to get opinions for and against the proposed subsidy. The subcommittee also said new government reporting systems are needed to help officials keep track of subsidies paid, and of private export deals that are in the works.

The subcommittee is chaired by Sen. Henry Jackson (D., Wash.). A skeptic of detente with the Soviet Union. Sen. Jackson in a separate statement was harshly critical of what he called "the Great American grain robbery" of 1972.

But the nine-member subcommittee's unanimous report used more restrained language.

"The subcommittee," said the report, "finds no fault with the decision made by President Nixon to use farm exports as a means to improve relations with the Soviet Union, and other nations, offset U.S. trade imbalances and enhance the financial position of American farmers. These are worthwhile goals. To the extent that they were achieved, the administration is to be commended."

[From the Wall Street Journal, July 29, 1974]

DROUGHT MAY KEEP CORN CROP BELOW 1973, PUTTING PRESSURE ON RETAIL FOOD PRICES

(By Norman H. Fischer)

CHICAGO.—Eight weeks ago, the nation's corn farmers were hoping the rain would stop. Now they wish it would start again.

Severe drought has taken a heavy toll on large parts of the Corn Belt, compounding the damage from earlier flooding. "Feed crops are burned up," lamented Alfred Bond, a manager for Goodpasture Inc., a feed-grain handler in Brownfield, Texas. "Farmers will be lucky to get 25% of last year's grain sorghum crop. This is the driest spell we've had in 20 years."

Before the rains came the Agriculture Department spoke optimistically of a record 6.7 billion-bushel corn crop. Thursday, the department said now it expects 5.95 billion to 6.22 billion bushels. But interviews with farm managers, agronomists, users and crop observers indicated the situation has deteriorated so much in the past two weeks that output may fall below last year's 5.6 billion bushels. At least, they said, the crop will come in at just under 5.9 billion bushels.

That spells trouble because corn is the most important feed ingredient in producing beef, pork, poultry, eggs and milk. Government economists were counting on a bumper crop this year to end sharply rising food costs.

But that hope has just about evaporated in the dry, 100-degree heat around the Midwest. Retail food prices once again may approach the record levels of last summer, economists said.

Corn prices at Chicago are already at record levels. Friday, No. 2 yellow corn, a key grade, was quoted at $3.66¼ a bushel, up $1.14 from early May and around 30 cents higher than the previous peak in February.

EXPECT $4 CORN BEFORE LONG

Traders and corn users said they believe that $4-a-bushel corn is likely before long and $4.50 corn isn't out of the question. Corn futures on the Chicago Board of Trade have moved up the daily 10-cent-a-bushel limit in seven of the past eight trading sessions because of deteriorating crop conditions.

As corn prices have climbed, so have prices of other feeds. Soybean meal, for instance, which was selling in Decatur, Ill., for about $93 a ton as recently as a month ago, has more than doubled in price. Two of the Midwest's biggest feed manufacturers, Ralston-Purina Co. and Allied Mills Inc., are raising prices another 10% today. Both have been boosting prices over the past few weeks. In spite of this, demand has held up

surprisingly well, they said, with many livestock producers apparently building inventories in anticipation of still higher prices.

Livestock producers normally could have counted on larger supplies of corn left over from earlier crops to help ease their plight. But because of heavy export demand and large numbers of livestock on feed, the Agriculture Department predicts a carry-over of only about 425 million bushels at Sept. 30, when the new crop officially comes in; that would be the smallest carry-over in 26 years. The National Corn Growers Association is more pessimistic. It thinks the supply of "old corn" will be closer to 353 million bushels.

Feed generally accounts for 60% to 75% of the total cost of producing meat, poultry and the like. "If corn goes to $4, I'll have to get near $55 a hundredweight for my hogs to make any profit," estimated one central Illinois livestock farmer. "If I don't get it, I just won't produce." Live hog prices currently peaking at about $37 a hundredweight at Omaha and East St. Louis.

SOME TIMELY RAIN WOULD HELP

Farmers say some timely rain would ease their situation considerably.

There's little reason for optimism, though. There have been some scattered showers in the past week in the Corn Belt, but extended forecasts call for more hot weather. Some crop observers said rain at this time still wouldn't be likely to boost the crop size much beyond 5.7 billion bushels. "Things are just too far gone to make up the losses," said an official of the corn growers association.

Sections of Nebraka, Iowa, Illinois, Indiana and some other states all have been hurt by drought. Some of these areas were planted late because of spring flooding. Corn, whose growth was stunted by wet weather, now is only four to five feet high there when it should be at least seven feet.

Eastern Nebraska has been particularly hard hit. "Things looked pretty bright a few weeks ago, but that was a few weeks ago," said Hugh L. Tinley, vice president of Farmers National Co., an Omaha-based farm-management concern. Half of the state's 6.3 million planted acres aren't irrigated and are expected to yield a maximum of 25 bushels an acre, he said. As a result, the state's corn crop may come in at about 380 million bushels, down from 544 million bushels last year, he predicted.

Things aren't all bad, however. Some areas still expect bumper crops, including parts of Ohio, Iowa and Minnesota.

[From the New York Times, July 29, 1974]

TWO U.S. AGENCIES SPLIT ON SUB-SAHARAN HUNGER

(By Leslie H. Gelb)

WASHINGTON, July 26.—Two major departments within the Nixon Administration cannot agree whether the hunger problem in sub-Saharan Africa is getting better or worse, and one of these agencies cannot even agree within itself.

An internal report of the Agency for International Development, released by Senator Edward M. Kennedy today, states that "the great drought is continuing to have catastrophic consequences." Yet a high Agriculture Department official told a Congressional committee last week that the situation was under control and "mass starvation averted."

To complicate matters, Donald S. Brown, deputy aid administrator for Africa, seems to disagree with his own staff's report. Calling it in a telephone interview a "draft report" that was going to be submitted to Congress anyway, Mr. Brown said that the problem of malnutrition and food distribution in sub-Sahara Africa had "vastly improved."

COMMENT BY KENNEDY

Senator Kennedy, Democrat of Massachusetts and chairman of the Senate subcommittee on refugees, said today in making public the report, "Famine conditions in Africa are spreading, and death and new catastrophe threaten millions of people in the Sahel and other parts of the continent."

He called on the Nixon Administration to "redouble its efforts in behalf of humanitarian relief and rehabilitation needs, and to speed up its use of special Congressional funds for this purpose."

According to the Senator's staff, the aid report was written on June 25 and is based upon United Nations surveys, American Government field studies, official cablegrams and reports of various voluntary agencies.

A copy of the report was made available to The New York Times. Its principal findings are the following:

While firm data are "almost impossible to obtain," the Health, Education and Welfare Department's center for disease control estimated that as many as 100,000 people may have died.

"It is obvious that this year the cumulative impact of inadequate or bare subsistence diets will leave many more susceptible to disease and more likely to succumb to it."

Seventy-six thousand metric tons of grain are currently backlogged at the port of Dakar, which serves Mali, Mauritania, Senegal and Niger. At the current rate of delivery of 13,000 tons a month, it will take six months to send this food to the country. Deliveries from Lagos in Nigeria will take over a year.

"The loss of livestock is incalculable." The report goes on to state that known amounts of grain allocated to the area so far in 1973–74 by all donors "total over a half a million tons, or only 85 per cent of the estimated needs prior to the October harvests." the United States is providing about 45 per cent of this total, but not all has been shipped, according to the report.

Mr. Brown, who initially could not recollect this specific report, said, "Disease and malnutrition are substantially less than a year ago."

This view was closer to the position taken by Don Paarlberg, director of agricultural economics in the Department of Agriculture, in his testimony on July 23, 1974, before the House Agricultural Subcommittee on Operations.

In his testimony, Mr. Paarlberg said that the situation "could have been much worse." Of the quarter-million tons that Washington has pledged to the afflicted countries, Mr. Paarlberg said, "90 per cent has already arrived in West African ports."

"Because of United States experience and assistance in dealing with such emergencies," he continued, "bottlenecks have been eliminated, large quantities made available and mass starvation averted."

Mr. Paarlberg cited sub-Saharan Africa to support the point that "famine is not new but our ability to do something about it is."

Senator Kennedy said "The sense of urgency dramatized by conditions in the field is not fully reflected in the policies, priorities and programs of aid." He continued, "Although the record shows some meaningful progress in recent months, the fact remains that our Government's actions are too often belated and bogged down in bureaucratic red tape and indecision."

[From the Washington Post, July 31, 1974]

CORN PRICE GAIN STOPS

(By Jack Egan)

Corn future prices broke their rapid advance yesterday dropping from record levels on the country's commodities exchanges. But continued drought conditions over large parts of the corn belt make further price increases likely for the nation's No. One feed grain, unless soon relieved by rain, traders said.

The Agriculture Department, in its weekly weather report, said development of the corn crop was retarded because "limited soil moisture and hot, dry weather, particularly in the western corn belt, continues to put stress" on the crop.

Corn is primarily used to feed hogs, cattle and poultry and only secondarily for direct human consumption. Corn prices are thus a major determinant of future meat, egg and dairy prices. It is estimated that feed accounts for anywhere from two-thirds to three-fourths of the cost of red meat production, for example.

Earlier this year, the Agriculture Department predicted a 6.7-billion-bushel corn crop, and anticipation of what would have been by far a record harvest dropped corn prices about $1 from their February peaks to about $2.50 a bushel by early May.

However, weather has played havoc with harvest prospects since then and corn has risen nearly 50 percent to more than $3.70 a bushel in both cash and futures markets. Excessive rains during May delayed plantings, not only of corn but also of soybeans. Hot and dry weather subsequently has lowered prospective yields and, as a result, harvest projections have been reduced steadily downward.

The USDA recently forecast a corn harvest in a range of 5.95 billion to 6.22 billion bushels. But the department's deputy chief economist, Dawson Ahalt, conceded yesterday that it was "getting more difficult every day" to meet even the low end of the prediction because of deterioration in crop prospects since the estimate came out.

Ahalt noted that a few days of rain in the Midwest farm areas could rapidly change the picture and bring corn prices down substantially. "If we get the moisture, we are still not in an irreversible position," Ahalt said.

The National Corn Growers Association has lowered its harvest projection to 5.2 billion bushels. Ahalt said this was far too low. Other crop watchers, however, say it is unlikely that this year's harvest will exceed last year's 5.6-billion-bushel record by very much.

One reason for the extreme price volatility of the grain markets, including corn, is that U.S. carryover stocks will be the lowest in more than a quarter of a century. The predicted 428-million-bushel corn carryover this fall would be the lowest in 26 years.

Corn prices on the Chicago Board of Trade, the country's biggest commodities exchange, yesterday dropped by 4.5 cents a bushel on the September delivery contract and by 10 cents a bushel on the December contract, the daily permissible limit. Trading in corn and soybeans swung over a wide range, going up and down the daily limit within a short period after the opening and fluctuating again afterward.

One source indicated that the primary reason for the price break in corn—after daily-limit 10-cent advances in eight of the last nine sessions—was primarily profit taking, and the rising trend could easily resume. Another source pointed to the possibility of rain in the corn belt by the weekend in the weather bureau's five-day forecast as another reason for the break.

An economist in the USDA economic research service pointed out that, while supply prospects for the corn harvest have been dwindling, demand also has been declining with a decrease in the number of hogs, cattle and other livestock currently on feed, partly because of recent high feed prices.

In addition, he noted that exports of corn also have been slack compared to last

summer's torrid pace. "Demand is actually weak," he said, adding that the situation in the futures markets is "a little bit too wild."

He said that if corn and other feed prices remain at their present high levels, there would be resistance from the livestock and poultry industry which eventually could lead to smaller supplies of meat—and higher prices—as fewer cattle are put on feed, and hog farmers decide to breed fewer pigs. The effect would not be seen for many months.

Ahalt, however, said it was much too early to tell if the present high prices are having any effect yet on demand for corn.

[From the Washington Post, July 12, 1974]

U.S. LOWERS WHEAT ESTIMATE; HIGHER PRICES SEEN ENSUING

(By Jack Egan)

The Agriculture Department yesterday sharply lowered its estimate of this year's wheat harvest—by 150 million bushels or 7 per cent—because of recent bad weather in growing areas. It also cut the number of corn and soybean acres it expects U.S. farmers to harvest this fall.

The news contained in the eagerly awaited July crop production report is almost certain to increase prices for these fundamental food and feed grains in the short run. It also dims administration hopes for bumper harvests large enough to moderate the current rate of inflation.

The latest USDA wheat projection totals 1.925 billion bushels (including both winter and spring wheat harvests), up 12 per cent from last year's record but down significantly from the 2.074 billion bushels the Agriculture Department predicted only a few weeks ago. This in turn was down from the nearly 2.2 billion-bushel wheat harvest the USDA expected in May, when the winter wheat harvest started.

The department's crop reporting board said the revised figure was the result of "continued dry weather in some areas, excess moisture in others, and advancing disease damage."

Wheat, a staple in most diets in the form of baked goods, has fluctuated spectacularly in price in the last year. It rose from $2.50 a bushel last July to nearly $6.50 a bushel in the early part of 1974, largely on the basis of heavy export demand. Some groups expressed fears that exports could lead to a shortage of wheat in this country.

When it became apparent that there would be sufficient wheat for domestic needs and when this year's harvest came into view with early optimistic projections, the price plunged to around $3.50 a bushel in May. It has since returned to the neighborhood of $4.50 a bushel, still high by historical standards.

The USDA predicted that 67.6 million acres of corn will be harvested this fall, down from the 68.3 million acres projected earlier but up 9 per cent from 1973. Soybean acreage was put at 52.5 million acres, down from the earlier forecast of 55 million based on farmers' intentions in March and a decrease from last year's 57.3 million acres.

The Agriculture Department made no official harvest estimate for either corn or soybeans in yesterday's crop report. The first official forecast based on samplings of the condition of these crops in the field comes out a month from now. But the USDA is expected to issue a range of possible yields in today's supply and demand situation outlook report.

However, the department several weeks ago predicted a 6.4 billion-bushel corn harvest, down in turn from an earlier projection of 6.7 billion bushels. Bad weather in the corn belt during planting has caused both estimates to be greeted with skepticism by both farmers and those in the grain trade.

The head of the National Corn Growers Association Wednesday said this year's corn crop is in worse shape than any other in a decade because of losses from hail, water and erosion.

"I don't know anyone who would look at this crop that would estimate it would come out at 6.4 billion bushels," Washington agriculture consultant Howard J. Hjort, said, commenting on the corn situation. "People are estimating between 5-8 billion to 6-2 billion," he said. "Only the Agriculture Department sees 6.4 billion."

He added that recent downward revisions in corn and wheat estimates are "one of the most dramatic deteriorations in crop prospects that we've ever seen in the United States in such a short period."

Don Paarlberg, chief economist for the USDA, conceded that "delayed plantings are likely to reduce the yield below trend projections" for corn. He said that feared fuel and fertilizer shortages will not have a major impact. "The big difference is old man weather," he said, noting some improvement in weather in the corn belt in the past 10 days.

Last year's corn crop was a record 5.6 billion bushels.

[From the Washington Post, July 29, 1974]

BUTZ' JUDGMENT BLAMED IN WHEAT DEAL

(By Ralph Dannheisser)

Inefficiency and bad judgment by top officials of the Agriculture Department made the massive 1972 Russian wheat deal a disaster for the American public, a Senate panel charged yesterday.

In its final report on the controversial sale of U.S. grain to the Soviet Union, Sen. Henry M. Jackson's (D-Wash.) Permanent Investigations Subcommittee singled Earl L. Butz and two former assistant secretaries, Clarence Palmby and Carroll Brunthaver, for special responsibility for what it called a $300 million error in judgment."

That was the amount the government channeled to six grain trading firms in the form a export subsidies that never should have been paid, according to the subcommittee.

The report depicts the Commodity Exchange Authority as "derelict in its oversight responsibility" in mishandling the investigation of possible market manipulation by some of those companies in order to boost the subsidy level.

At issue is the purchase by the Soviet Union of more than 700 million tons of U.S. grains, including almost 440 million tons of wheat.

The subcommittee report follows hearings last summer and fall on the grain deal, which critics said depleted American reserves, created farm-product shortages and forced up food prices for American consumers.

Jackson endorsed that position in releasing the report, saying the grain deal was the cause of the present crisis in the livestock industry.

The Senate panel said it found no fault with President Nixon's decision to use U.S. farm exports as a means of improving relations with the Soviet Union, improving the U.S. trade balance and boosting American farm income.

But the sale became "an illustration of how, in pursuit of a worthwhile goal, government programs and officials can go astray," it said.

"At virtually every step, from the initial planning of the sales to the subsidy that helped support them, the grain sales were ineptly managed. The result was public confusion, waste of taxpayers' dollars and higher food prices."

It charged the Agriculture Department showed "a total lack of planning . . . prior to the largest grain sale in American history.

The magnitude of the sale, unanticipated by Butz and other officials, created a shortage of domestic supplies which resulted not only in higher prices for bread and flour-based products in the United States, but also in price boosts for beef, pork, poultry, eggs and dairy products reflecting higher feed costs, the panel reported.

The subcommittee said wheat subsidies maintained by the Agriculture Department through August, 1972, were unjustified and had cost American taxpayers $300 million.

It found "the responsibility for this $300 million error in judgment lies first of all with . . . (Palmby), who failed to consider the wheat export subsidy in planning for the Russian grain sale, and secondly with . . . (Brunthaver), who made verbal commitments to the grain export companies in July, 1972, that the wheat export subsidy would be continued indefinitely without any consultation or evaluation of the effect of such a commitment.

But it added:

"The overall responsibility must, of course, fall on the Secretary of Agriculture, Earl Butz, who testified that he approved continuation of the subsidy."

Among the subcommittee's recommendations in its 67-page report are:

Passage of legislation to prohibit imposition of export subsidies on any agricultural commodity without a prior public hearing by the Agriculture Department;

Establishment of an independent commodity exchange commission patterned on the Securities and Exchange Commission, to replace the present Commodity Exchange Authority;

Creation of a task force, drawing its membership from all government agencies concerned with the nation's economy, to coordinate the federal role in any future transactions like the grain deal.

Preparation by the Agriculture Department and the Council of Economic Advisers of a five-year projection of U.S. supply and demand of all grains, to be submitted each year beginning in 1975.

[From the New York Times, July 31, 1974]

DROUGHT CONTINUES TO CUT PROSPECTS FOR GRAIN CROP

WASHINGTON, July 30—The drought that has sent crop prospects down and grain prices up continued to plague wide areas of the nation's grain belt last week, the Agriculture Department said today.

The agency's weekly crop weather report said rains and near-normal temperature helped corn in part of Illinois, Iowa, Michigan, Minnesota and Wisconsin last week. However, the report said more rain is needed to permit good development of the crop.

Over-all, the report added that progress of the corn crop—the key raw material for future supplies of meat and other livestock products—was slow because "limited soil moisture and hot, dry weather, particularly in the Western corn belt, continues to put stress on [the] crop."

POSSIBLE RECORD SEEN

"Corn in Western Iowa as well as dryland corn in Nebraska and Kansas has been hurt considerably by the prolonged dry spell . . . top soil moisture supplies are now rated mostly short from Nebraska to Ohio," the report said.

Earlier this year, Administration officials had forecast a possible record 6.7 billion bushel crop and a 2.2 billion bushel wheat crop to rebuild reserves, currently at levels considered dangerously low.

But on the heels of a wet spring, which reduced corn planting and a summer drought, which is cutting yields, the Agriculture Department has already cut its corn projection to a range of 5.950 billion to 6.220 billion bushels—still a record, but not

as much above potential needs in the coming year as officials had hoped.

DROUGHT RAMIFICATIONS

The weekly crop-weather report also indicated that the 1974 wheat crop estimated currently at 1.925 billion bushels, may be reduced further. It said the drought is continuing to reduce yield prospects for late-planted spring grains, including spring wheat.

The report also said soybean development continued behind last year although gains were made last week.

The drought also is drying up pastures in the mid-part of the country and cows are being shipped to market from some pastures and ranges in part of Kansas, Oklahoma and Texas, experts said. In some areas, ranchers are having to haul water to their cattle on parched grazing lands.

Mr. JAVITS. Mr. President, I think we have debated this. If my colleagues are agreeable, I am prepared to yield back the remainder of my time.

Mr. YOUNG. Will the Senator yield?

Mr. PACKWOOD. I yield.

The PRESIDING OFFICER. The Senator from North Dakota is recognized for 3 minutes on the bill.

Mr. YOUNG. I am concerned about this amendment in that it would require the Secretary of Agriculture to make reports about the adequacy of any farm commodity. If the Secretary had to make a report that a certain commodity was in short supply, immediately futures prices would go up. Then the demand would be on to apply export controls. I think it works against what the Senator is trying to accomplish.

The farming industry is probably the only free enterprise we have. We have millions of farmers competing against each other. This year, if we had a good crop year, you would have a big crop and lower prices, much lower than they are now. Only lack of rain over a wide area this year prevented a big crop—surpluses and lower prices.

But the very fact the Secretary of Agriculture would have to report a crop in short supply, being on the free market, the futures would skyrocket. You would have high prices and a great demand for export controls. Export controls did not work on soybeans and they will not work on any other commodity.

Mr. JAVITS. Mr. President, I have not yielded my time. I yield myself 3 minutes.

Mr. President, may I say first——

Mr. YOUNG. Has my time expired?

Mr. JAVITS. I will yield to the Senator in a moment.

May I say first on this proposition that the reports are provided for in the bill every quarter. There is a tremendous amount of reporting done in this field. All the speculators figure out whatever they wish, whether they think there will be or will not be a shortage. All I am saying is that a shortage is clearly indicated—and I would like the Senator to note I do not say is in short supply, but I say is likely to be—at least the Congress should have an opportunity. That puts it on the highest level.

We cannot, after all, sweep all of these things under the rug and operate in camera. We have to take some risks with the fact that the public is to be informed in the sense that the consumer and the country need to be protected, too.

Mr. HUMPHREY. Will the Senator yield?

Mr. JAVITS. I yield.

Mr. HUMPHREY. I think the Senator's amendment is meritorious. I spoke to the Senator earlier that I had a more precise amendment which I intended to offer.

It is a fact that the Department of Agriculture has been derelict in keeping track of the world food supply and the supply situation here at home. It is a fact that their estimates have not been accurate. Last year they estimated that the price of food would go up 3 percent; it went up 20 percent. They estimated at the start of this year that the corn crop would be 6.7 million bushels, and they will be lucky if it is 6 million bushels. I think what the Senator from New York is trying to do is commendable, but it needs to be done in more precise language.

I do not want to see embargos placed whether they are on agricultural or other commodities. I feel that the first duty of a Secretary of Agriculture is to the people of this country, and not somebody else.

May I say today that the rich Middle East countries could walk into the American market this afternoon and buy up the bulk of our crop, and leave us emptyhanded. It could happen right now, just as Iran bought a quarter of the Krupp firm the other day. They also may come in and decide to buy General Motors, the way it looks. They have the money.

But buying up our crops would be even worse, and they could do it before we got the information as to what had happened.

Mr. YOUNG. Would the Senator yield?

Mr. HUMPHREY. I think it is time we had some kind of monitoring and protection system for the American public. Of course, we could buy it back from them. They would raise the price on the wheat just as they did on the oil.

I yield, but I do not have control of the time.

The PRESIDING OFFICER. Who yields time? The Senator from New York has the floor.

Mr. JAVITS. I will yield to the Senator from North Dakota.

Mr. YOUNG. I have just one short question. The Middle East countries certainly do have the money to come in and buy up a lot of wheat, but the Secretary of Commerce would not issue export licenses. They would have to have export licenses.

Mr. HUMPHREY. No, they do not. There is no export license today required for wheat. The Cargill Co. or Continental Grain Co. could go ahead and sell as they did with the Russians.

What I want to offer is an amendment which will require that when your estimated crop carryover gets down to certain levels, you install a licensing system. A deal could be made in the back room of a hotel in New York City this afternoon for the export of 1 billion bushels of wheat, and we would be in serious trouble. The Senator knows it, and every Senator around knows it.

You would find out that it happened a couple of days or a week later, but in the meantime you might have to renege on your contract. I think that it is time that we had some protection for the American consumer and the American farmer.

Let me tell you, if they bought that wheat at $4.50 a bushel today, they would sell it back to us at $10. That is what they did with oil. The Russians can do the same thing. The price of gold has gone up and the Russians have a lot of gold.

I want some protection, and that is why I am going to offer an amendment. We need to find out whether this body is prepared to take care of the people of the United States of America, or whether we are more interested in the people of other nations.

The PRESIDING OFFICER. The gallery will be advised to observe the rules of the Senate. Occupants of the gallery are not allowed to demonstrate approval or disapproval.

Mr. JAVITS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 11 minutes remaining.

Mr. JAVITS. Mr. President, I yield 4 or 5 minutes to the Senator from California.

Mr. President, may I thank Senator HUMPHREY? He is very eloquent on the subject. He helps me. I do not pretend to be an agricultural expert. He is, Senator YOUNG is, and Senator CURTIS is. But I am trying in a most basic way to see what we can do to recognize the interest of the consumer, subject to congressional action, the Secretary's action, or whatever. But at least we should begin to see that interest.

I yield to the Senator from California.

Mr. TUNNEY. I want to thank my distinguished colleague from New York for yielding to me.

Mr. President, I want to say I strongly support this amendment and the next amendment that I understand the distinguished Senator is going to offer.

Despite a period of the most severe shortages and intense inflationary pressure in the history of peacetime America, it seems to me that the economic policy-making procedures of our country have become essentially inoperative. Unlike any other major nation in the world, the United States has no consistent policy to protect its domestic economy against the ravagement by foreign cartels and governments operating outside of the constraint of the market forces, which we know in this country to be the foundation of our economic system.

I commend the Senator from New York for offering this amendment—and his next amendment—to broaden the criteria for imposition of export controls and to require the Secretaries of Agriculture and Commerce to do advance planning and policy development, so that in the future we can avoid the kind of crises that we have had in food and material supplies, which have had such a severe impact upon our economy.

Mr. President, California and New York are the major importing States, and I dare say that the Senator from New York and I yield to no one in our desire to promote free world trade. But the issue today is not free trade. The

issue is whether or not the ample resources of the Commerce and the Agriculture Departments will be used to protect the vital interests of the American consumers.

I think the Senator from Minnesota has expressed his view very clearly, in a very cogent fashion, about what could happen to this economy, when nations that have extraordinary surpluses in their balance of payments and in their monetary reserves are able to come into this country and buy up essential industries. As the Senator from Minnesota has indicated, they have the money to be able to buy up our entire wheat production. What would that, do to the American consumer and the price that the American consumer would have to pay for food?

Last summer, I chaired some hearings in California on the impact of food price inflation. I brought back to the Senate a hearing record that was filled with unbelievable tales of the kind of suffering that existed in California—and obviously it exists all around the Nation—as a result of the increase in food prices.

There were unbelievable tales of elderly people surviving on dog food; extraordinary stories of our hospitals eliminating essential medical services in order to be able to provide food for the residents of those hospitals. Many people in these residential hospitals were living on 65 cents a day. It is absolutely impossible for anyone to live on 65 cents a day and have any idea that their Government is treating them fairly.

Not only that—we heard stories of elderly people living in these hospitals who wanted to die rather than continue indefinitely in the future on a budget of 65 cents a day for food. As a matter of fact, we heard that some people were refusing to eat because they just wanted to die.

It is an absolute outrage that we do not have a better means of monitoring what is going on in this country with respect to exports. We all know what happened to food costs and why. We all know of the failure of the Department of Agriculture to assess properly the impact of the Russian grain deal.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. TUNNEY. I am strongly in support of the Senator's amendment, and the next one I understand he is going to offer, and I hope it will be adopted overwhelmingly.

The PRESIDING OFFICER. Who yields time?

Mr. JAVITS. Mr. President, I am prepared to yield back the remainder of my time.

Mr. HUMPHREY. Mr. President, I intend to offer an amendment in the nature of a substitute.

Mr. JAVITS. A second amendment, after this one is disposed of?

Mr. HUMPHREY. I intend to offer an amendment in the nature of a substitute.

Mr. JAVITS. For this one?

Mr. HUMPHREY. Yes.

Mr. JAVITS. I certainly wish to facilitate that, so that we can get on with the business.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Illinois yield back his time in opposition to the amendment?

Mr. STEVENSON. Yes.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

AMENDMENT NO. 1758

Mr. HUMPHREY. Mr. President, I call up my amendment No. 1758.

The PRESIDING OFFICER (Mr. ABOUREZK). The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. HUMPHREY. 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 is as follows:

On page 13, between lines 13 and 14, insert the following:

EXPORT LICENSES REQUIRED FOR CRITICAL COMMODITIES; VALIDATED EXPORT LICENSING SYSTEM

SEC. 11. Section 4 of the Export Administration Act of 1969, as amended by sections 3, 4, 9, and 10 of this Act, is further amended by adding at the end thereof the following:

"(j) (1) Effective only with respect to the 1974 through 1977 crops of wheat, feed grains, cotton, and soybeans, whenever the Secretary of Agriculture finds and notifies the Secretary of Commerce that the combined domestic requirements and export sales of any such commodity threaten to reduce the carryover of such commodity at the close of the marketing year for such commodity below the level specified for such commodity in paragraph (4), he shall designate such commodity as a 'critical' commodity for the current marketing year, and thereafter, during such marketing year, no person may export any such commodity from the United States without an export license issued by the Secretary of Agriculture authorizing the export of such commodity by such person.

"(2) The Secretary of Agriculture is directed to maintain a weekly projection of foreign sales and domestic requirements in relation to available supplies for each designated critical commodity. Except for sales and other dispositions made to friendly countries under the Agricultural Trade Development and Assistance Act of 1954, as amended, at any time that the projected carryover stocks for any commodity in any marketing year fall below the level specified for such commodity in paragraph (4) the Commodity Credit Corporation may not, so long as the stocks of such 'critical' commodity remain below such level, sell any of its stocks of such commodity for export for less than 120 per centum of the weekly average cash price of the commodity in Chicago, Kansas City, and Minneapolis markets in the immediately preceding week, except that in the case of cotton, the minimum price at which such commodity may be sold shall be 120 per centum of the weekly average cash price in the designated spot markets reported by the United States Department of Agriculture in the immediately preceding week. None of the stocks of any commodity designated as a critical commodity under this subsection may be sold by the Commodity Credit Corporation to any buyer for domestic utilization unless such buyer agrees, in such manner as the Secretary of Agriculture may prescribe, that any stocks of such commodity sold to him will not be exported.

"(3) Whenever the projected carryover stocks of wheat, feed grains, cotton, or soybeans fall below the level specified for such commodity in paragraph (4)—

"(A) the Secretary of Agriculture is authorized to initiate a 100 per centum validated export licensing system with respect to such commodity if the President determines the initiation of such system with respect to such commodity is necessary to protect the United States against a future shortage thereof or is necessary to protect the economy of the United States. The Secretary of Agriculture is also authorized to initiate, either in conjunction with or independent of a 100 per centum validated export licensing system, any reporting system he deems appropriate with respect to any such commodity; and

"(B) no quantity of such commodity may be exported to any foreign country in an amount that would result in total export sales to such country (from the United States) during such year in excess of 120 per centum of the amount of export sales of such commodity to such country (from the United States) in the preceding marketing year, unless the Secretary of Agriculture specifically approves the export of such quantity to such country.

As used in this paragraph, the term '100 per centum validated export licensing system' means a licensing system under which (i) the Secretary of Agriculture authorizes the exportation of a quantity of wheat, feed grains, cotton, or soybeans only when the application for a license to export any such commodity is accompanied by a certified copy of a contract for the export from the United States of a quantity of such commodity equal to the quantity of such commodity for which the export license is requested, and (ii) licenses are issued, unless otherwise provided by the Secretary of Agriculture, to cover exports anticipated for the current month or the current and immediate succeeding month.

"(4) Notwithstanding any other provision of law, effective only with respect to the 1974 through 1977 crops of wheat, feed grains, cotton, and soybeans, the Commodity Credit Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, or cotton, respectively, at less than 135 per centum of the established price applicable by law to the current crop of any such commodity, or any of its stocks of soybeans at less than 150 per centum of the current national average loan rate for such commodity, adjusted (in the case of all such commodities) for such current market differentials reflecting grade, location, and other value factors as the Secretary determines appropriate, if the Secretary determines that the sale of such commodity will (A) cause the total estimated carryover of such commodity at the end of the current marketing year for such commodity to fall below six hundred millions bushels in the case of wheat, forty million tons (collectively) in the case of corn, grain sorghum, barley, and oats, five million bales in the case of cotton, or one hundred and fifty million bushels in the case of soybeans, or (B) reduce the stocks of the Commodity Credit Corporation below two hundred million bushels in the case of wheat, fifteen million tons (collectively) in the case of corn, grain sorghum, barley, and oats, one million five hundred thousand bales in the case of cotton, or fifty million bushels in the case of soybeans; and in no event may the Corporation sell any of its stocks of any such commodity in any marketing year at less than the established price applicable by law to the current crop of any such commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, whenever the total estimated carryover of such commodity

in such marketing year is in excess of the amount specified for such commodity in clause (A) above. The provisions of this paragraph shall not apply to dispositions made to friendly foreign countries under the Agricultural Trade Development and Assistance Act of 1954.

"(5) The Secretary of Agriculture is authorized, to the maximum extent practicable, to administer the provisions of this subsection through the services and personnel of the Department of Commerce, and the Secretary of Commerce shall cooperate with the Secretary of Agriculture in the administration of this subsection and may perform, on a reimbursable basis, such services as the Secretary of Agriculture may request.

"(6) The Secretary of Agriculture is authorized to issue such rules and regulations as he deems necessary to provide for the effective administration of this subsection.

"(7) In determining the quantity of carryover of any commodity at the beginning of or during any crop-marketing year and the quantity of any commodity owned by the Commodity Credit Corporation, there shall be included any quantity of such commodity contained in the disaster reserve inventory maintained under the provisions of section 813 of the Agricultural Act of 1970.

"(8) Nothing in this subsection shall be construed to restrict the authority of the President under the Agricultural Trade Development and Assistance Act of 1954 except with respect to prices at which commodities may be sold under title I of such Act.

"(9) As used in this subsection, the term 'feed grains' means corn, grain sorghum, barley, and oats.

"(10) There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this subsection.".

On page 13, line 15, strike out "Sec. 11" and insert in lieu thereof "Sec. 12".

Mr. HUMPHREY. Mr. President, I ask unanimous consent that Mr. Nelson Denlinger of my staff be permitted the privilege of the floor.

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

Mr. HUMPHREY. Mr. President, first of all, I want to say that the amendment offered by the Senator from New York is a very commendable amendment. I am in full agreement with its principle and purpose. I spoke earlier to the Senator from New York about his amendment and the fact that I had an amendment with a similar purpose, but which had more specific requirements.

Under present law relating to export sales, in section 812, it should be noted that on all exports of wheat and wheat flour, feed grains, cotton and products thereof, and other commodities, the Secretary may designate, reports are to be made to the Secretary of Agriculture on a weekly basis.

It also states that the individual reports shall remain confidential but shall be compiled by the Secretary and published in compilation form each week following the week of reporting. All exported agricultural commodities produced in the United States shall, upon request of the Secretary of Agriculture, be reported to the Secretary.

This language was placed in the Agricultural Act of 1973, Public Law 93-86, so that section 812, which is referred to in the pending legislation, represents a substantial improvement in reporting over the situation that existed prior to 1972-1973.

We should note that the Committee on Agriculture and Forestry did look into the situation on export sales very carefully when we passed a bill, Public Law 93-86, on August 10, 1973. We do now have a system now for reporting export sales.

But I make note of the fact that the reporting must be within a week. This means, quite obviously, that a number of sales can be made prior to the knowledge of the Secretary of Agriculture.

Mr. President, this amendment responds to a problem which still remains unmet. That problem is determining how we can make certain that our own domestic food requirements are not overlooked or ignored and especially when our food and fiber supplies are seriously reduced.

This problem was brought home to me very vividly by the recent report of Senator JACKSON'S Permanent Investigations Subcommittee on the controversial Soviet wheat sale. The report was discussed by the Washington Post on July 29 in an article entitled "Butz Judgment Blamed in Wheat Deal." I ask unanimous consent that the article be printed at this point in the RECORD.

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

BUTZ' JUDGMENT BLAMED IN WHEAT DEAL

(By Ralph Danneheisser)

Inefficiency and bad judgment by top officials of the Agriculture Department made the massive 1972 Russian wheat deal a disaster for the American public, a Senate panel charged yesterday.

In its final report on the controversial sale of U.S. grain to the Soviet Union, Sen. Henry M. Jackson's (D-Wash.) Permanent Investigations Subcommittee singled Earl L. Butz and two former assistant secretaries, Clarence Palmby and Carroll Brunthaver, for special responsibility for what it called a $300 million error in judgment."

That was the amount the government channeled to six grain trading firms in the form of export subsidies that never should have been paid, according to the subcommittee.

The report depicts the Commodity Exchange Authority as "derelict in its oversight responsibility" in mishandling the investigation of possible market manipulation by some of those companies in order to boost the subsidy level.

At issue is the purchase by the Soviet Union of more than 700 million tons of U.S. grains, including almost 440 million tons of wheat.

The subcommittee report follows hearings last summer and fall on the grain deal, which critics said depleted American reserves, created farm-product shortages and forced up food prices for American consumers.

Jackson endorsed that position in releasing the report, saying the grain deal was the cause of the present crisis in the livestock industry.

The Senate panel said it found no fault with President Nixon's decision to use U.S. farm exports as a means of improving relations with the Soviet Union, improving the U.S. trade balance and boosting American farm income.

But the sale became "an illustration of how, in pursuit of a worthwhile goal, government programs and officials can go astray," it said.

"At virtually every step, from the initial planning of the sales to the subsidy that helped support them, the grain sales were ineptly managed. The result was public confusion, waste of taxpayers' dollars and higher food prices."

It charged the Agriculture Department showed "a total lack of planning . . . prior to the largest grain sale in American history."

The magnitude of the sale, unanticipated by Butz and other officials, created a shortage of domestic supplies which resulted not only in higher prices for bread and flour-based products in the United States, but also in price boosts for beef, pork, poultry, eggs and dairy products reflecting higher feed costs, the panel reported.

The subcommittee said wheat subsidies maintained by the Agriculture Department through August 1972, were unjustified and had cost American taxpayers $300 million.

It found "the responsibility for this $300 million error in judgment lies first of all with . . . (Palmby), who failed to consider the wheat export subsidy in planning for the Russian grain sale, and secondly with . . . (Brunthaver), who made verbal commitments to the grain export companies in July, 1972, that the wheat export subsidy would be continued indefinitely without any consultation or evaluation of the effect of such a commitment.

But it added:

"The overall responsibility must, of course, fall on the Secretary of Agriculture, Earl Butz, who testified that he approved continuation of the subsidy."

Among the subcommittee's recommendations in its 67-page report are:

Passage of legislation to prohibit imposition of export subsidies on any agricultural commodity without a prior public hearing by the Agricultural Department;

Establishment of an independent commodity exchange commission patterned on the Securities and Exchange Commission, to replace the present Commodity Exchange Authority;

Creation of a task force, drawing its membership from all government agencies concerned with the nation's economy to coordinate the federal role in any future transactions like the grain deal.

Preparation by the Agriculture Department and the Council of Economic Advisers of a five-year projection of U.S. supply and demand of all grains, to be submitted each year beginning in 1975.

Mr. HUMPHREY. Mr. President, I think the point that was made in the investigation was simply to the effect that there was not sufficient monitoring by the Department of Agriculture as to the world food supply and the effect of a massive sale, the likes of which we had never before experienced. The American consumer has been reeling ever since as has our economy.

Mr. President, I feel compelled to offer this amendment because, although the Agriculture and Consumer Protection Act of 1973 did improve the reporting mechanisms on export sales, we still are vulnerable to the large export sale.

Our reporting information comes largely after the fact and, in a tight world market, we cannot afford to have a large part of our crops sold out from under us.

I should warn my colleagues that, with many of our Midwestern States facing drought conditions, commodity buyers are now out buying heavily.

The USDA has now scaled down its earlier optimistic crop estimates, but it still has not faced up to the problem of large purchases by foreign countries.

For example, as I indicated earlier to-

day, the oil exporting countries, with billions of dollars pouring into their treasuries because of the high price of oil, could easily step into the American commodity market and buy up massive amounts of food and fiber and have that sale reported a week later. That is closing the barn door after the horse is gone; or, to put it more directly, closing the granary after it is empty.

What I think is necessary is for us to keep a watchful eye over sales and particularly in a tight world food supply market. We must prevent what happened in the case of soybeans—namely, embargoes.

We do not want to have commodity embargoes or export embargoes. We need a rational, sensible sales program.

One of the reasons we got into a bind on the soybean market was because we permitted the private companies to oversell, and when they started to look around they found out they were practically out of commodities. The price of soybeans in this country then zoomed to $11 and $12 a bushel.

The farmer did not get this price. Farmers out in the Midwest sold their soybeans for $3.50. The speculators and the manipulators got the $10 and $11. After the soybeans were sold, we found out we had inadequate supplies for our own people, and we had to put on an embargo. That embargo upset the world trading community no end.

I want to avoid embargoes. I think it is clear we all would like to avoid the imposition of an embargo as happened in the case of soybeans.

The farmers do not want to have us resort to embargoes, and I believe the same is also true of the major responsible trading companies.

Unfortunately, an administration which has declared that it will not resort to embargoes in the future, may be making such an action difficult to avoid by ignoring the need for more current export reporting information.

Mr. President, my amendment basically establishes a mechanism to enable us to pay closer attention to our export sales in a tight market, and to be more timely in reporting export sales. Mr. President, timeliness is the key in the reporting of export sales. You have got to be on the job on time. You have got to have reporting on time.

The Secretary has to know what is going on when those supplies are being drawn down. If our supplies are drawn down this year to where we have a carryover of 150 million bushels of wheat, which would be a dangerously low carryover, we would be in serious trouble here at home. This is barely adequate to meet our needs.

We also may have a very serious problem with the corn crop this year.

To be specific, when the Secretary of Agriculture under my amendment determines that the estimated total carryover of certain key commodities will fall below certain levels—wheat, 600 million bushels; feed grains, 40 million tons; cotton, 5 million bales; and soybeans, 150 million bushels—or that the stocks of the Commodity Credit Corporation are expected to drop below 200 million bushels of wheat, 15 million tons of feed grains, 1.5 million bales of cotton and 50 million bushels of soybeans—then certain steps are to be taken to more closely monitor and protect these remaining supplies.

For example, I think when we draw our wheat supply down to, let us say, 500 or 600 million bushels, we ought to do one thing. The Secretary ought to be watching to see that no one steps into the American market and cleans it all out. That is to the advantage of no one.

I am opposed to any kind of embargo, and the way to prevent an embargo is to have a sensible monitoring system of the supply. In that way we know what we have got to sell and we know what we ought to maintain back home. That is an important thing to keep in mind.

So I would provide in my amendment a figure of 600 million bushels of wheat, 40 million tons of feed grains, 5 million bales of cotton, and 150 million bushels of soybeans.

Now, that does not mean the Government owns it. It does not involve Government ownership at all. It is just simply this, that when we get down to where we have got 150 million bushels of soybeans, that is all there is left. The Secretary of Agriculture, before any more exports of soybeans are made, takes a look and monitors it carefully and requires a license so that he can keep track of the situation.

It does not mean we prohibit the export; it does not mean that the Government owns it. The private trade still owns it. It simply means we ask the private company to get a license at that point so that there is a reasonable protection for the American market.

My amendment provides that when the Secretary of Agriculture determines that combined domestic requirements and export sales threaten to reduce the commodity carryover levels below the amounts specified above, the Secretary shall designate such commodity or commodities as critical for the current marketing year, and no person may export any such commodity from the United States without an export license issued by the Secretary of Agriculture authorizing the export of such commodity by such person.

The Secretary of Agriculture also is directed to maintain a weekly projection of foreign sales and domestic requirements in relation to available supplies for each designated critical commodity.

Except for sales made to friendly countries under the Agricultural Trade Development and Assistance Act of 1954, at anytime that the projected carryover stocks for any commodity in any marketing year fall below the level specified for such commodity, the Commodity Credit Corporation may not, so long as the stocks of such "critical" commodity remain below such level, sell any of its stocks of the commodity for export for less than 120 percent of the weekly average cash price for that commodity.

None of the stocks of any commodity designated as a critical commodity under this subsection may be sold by the Commodity Credit Corporation to any buyer for domestic utilization unless such buyer agrees, in such manner as the Secretary of Agriculture may prescribe, that any stocks of such commodity sold to him will not be exported.

The Secretary of Agriculture is authorized to initiate a 100 percent validated export licensing system with respect to such critical commodities if the President determines the initiation of such a system is necessary to protect the United States against a future shortage thereof or is necessary to protect the economy of the United States.

The Secretary of Agriculture is also authorized to initiate, either in conjunction with or independent of the 100 percent validated export licensing system, a commodity reporting system and no quantity of any commodity may be exported to any foreign country which would result in total export sales from the United States in excess of 120 percent of the previous year export sales of such commodity from the United States, unless the Secretary of Agriculture specifically approves the export sale.

Mr. President, this amendment does not seek to establish a rigid set of controls. The licensing system is most permissive, and it is designed to get better information on a current basis when we are in a tight market situation.

I regard this proposal as a device which sets off warning lights when our supplies begin to get low. Officials will have to pay closer attention to what is happening in our export market.

At that stage, as we know from last year's experience, more careful monitoring is a must, and the best current information is essential.

Mr. President, this amendment will be a useful step in avoiding more drastic embargoes which we all wish to avoid. I urge that it be adopted by the Senate.

Mr. YOUNG. Is the Senator indicating that when the supplies of wheat get below the 600 million bushels, say as of July 1, that there be no more exports?

Mr. HUMPHREY. Oh, no, not at all, Senator.

Mr. YOUNG. What would the Senator do?

Mr. HUMPHREY. All I am saying is that when the wheat supply gets down to 600 million bushels, sort of an alert would go up that would say "Mr. Secretary, wake up, something is happening." If there are going to be more exports, and there undoubtedly would be, we would need to know about them.

We would not want somebody to step into the market, such as Saudi Arabia or Iran, and buy up 550 million bushels and have the company report the sale a week later. We would be out of business.

All I am saying is that it is reasonable and right to ask the Secretary of Agriculture to keep an eye on the situation when supplies are low. When the exporter comes in with a sale he would report on the day he makes the sale. He would say to the Secretary, "Look, I have got a chance to sell 200 million bushels of wheat to Saudi Arabia or Iran." They are friendly countries, so let us use their names. The Secretary of Agriculture would say, "Well, we have 600 million bushels left, and we will give you a license."

But if somebody says that we are go-

ing to sell 550 million bushels, of our total 600 million bushels, to Kuwait or Iran or Saudi Arabia and they have got the money to pay for it, the Secretary would have to say, "Wait a minute, that would draw the supply down to where it was dangerous in this country. You cannot sell 550 million bushels. Sell only x number of bushels."

I think that is a reasonable protection for the American people.

Mr. YOUNG. Will the Senator yield for a minute?

Mr. HUMPHREY. Yes.

Mr. YOUNG. Does the Senator believe we should maintain a 600 million bushel supply on hand?

Mr. HUMPHREY. No.

Mr. YOUNG. If we did, I think——

Mr. HUMPHREY. No, Senator, wait a minute.

Mr. YOUNG. It would bring us back to where we were before.

Mr. HUMPHREY. Do not put those words in my mouth. I do not want 600 million bushels lying around here. I do not ask for that. I am simply using that figure as a trigger mechanism to alert the Secretary of Agriculture not to let the Soviet Union come in and buy all of our supplies.

Under the present law, Senator, they can do it. You know it, and I know it.

Mr. YOUNG. Will the Senator yield?

Mr. HUMPHREY. They can come in and buy it up.

Mr. YOUNG. Would the Senator yield for just a minute?

When the Russian wheat deal was made, the average farm price was $1.41 a bushel average farm price. Now, that is less than half what is deemed to be a fair price.

The Russians paid exactly the same as every other country, and maybe we oversold, but the people of our country had been complaining bitterly about all the wheat we had, costing a million dollars a day for storage.

Mr. HUMPHREY. You and I did not complain about that sale.

Look, I come from the same part of America you do. I was interested in the wheat farmers just as the Senator from North Dakota or the Senator from Nebraska. I do not want to see low prices for wheat.

I am not trying to set up a reserve program here, let us get rid of that idea.

I am simply saying that under existing law that countries with money can go to any American company and buy up any amount they want to buy.

I think the Secretary of Agriculture should have a stop and alert signal. I only want the Secretary to look out for all of the American people, not just a couple of big companies.

I am willing to reduce these levels, I used these just as a triggering mechanism. Let us put it down to 500 or 400 million bushels so that we have a tighter market. I simply do not want to have some foreign government or some foreign buyer able to walk into the American market and buy it up. We would not know what happened until it had happened.

I do not want an embargo system. I do not want the Government to own large reserves. Later on I will talk about that subject.

But I do want protection for the American economy.

Believe me, we have been taken for a ride on oil and we can be taken for a ride on food.

I am here to tell the Senate that the Arab nations can buy up our food supply and sell it back to us.

Several Senators addressed the Chair.

Mr. TOWER. Mr. President, will the Senator yield me 3 minutes on the bill?

Mr. PACKWOOD. I yield 3 minutes on the bill to the Senator from Texas.

Mr. TOWER. Mr. President, I am really a little bit amused by this talk about Arab oil. I would be more amused were it not for the fact that I cry a lot about it. Because the fact of the matter is, a lot of the very people who want to proscribe the export of American farm products abroad are the people who would deny the incentives necessary to the oil and gas industry in this country to increase domestic exploration and production, and would make us even more reliant on Middle East sources of oil.

The people in the North apparently would rather pay a dollar and a half for liquified natural gas from Algeria than pay 75 cents for natural gas from Texas, Oklahoma and Louisiana.

Let us face it: We are the best farmers in the world. Food is one thing we produce that the world wants, and we produce it better, more efficently and cheaper than anyone else. We had better not place proscriptions on the export of agricultural products, or we will never absorb the dollar overhang abroad, which has been partially the result of our consciously and wittingly reducing ourselves to a state of dependence on those people for fuel and energy, power, at a time when their price was cheaper than the domestic price.

So let us get this thing in proper perspective: We had better be willing to export agricultural products, or we are going to have to be facing up to unfavorable balance-of-trade exports year after year.

Several Senators addressed the Chair.

Mr. STEVENSON. I yield 2 minutes on the bill to the Senator from Minnesota.

Mr. HUMPHREY. Let us not pettifog this issue, Mr. President. The Senator from Minnesota is not for export controls. I have held hearings on export controls, and I am opposed to them.

I simply said that the reason we have got export controls on soybeans is because we did not supervise and monitor the exports, and we got caught. Every Senator here knows that.

All that I am saying is that there has to be a better system of monitoring our supplies as they flow out of this country. I want commercial exports, but I want to tell you something: I want also to be sure that the American consumer has a supply of food here at home, and I do not want us to be hijacked. I do not want some country to be able to walk in here and buy up our crop and then sell it back to us at twice what they paid for it.

I am here to tell the Senate that that can happen, and no Senator can prove to the contrary.

Surely, we need exports to pay for oil. The way we get them is to produce and to sell. But I would be a madman, if I ran a bank and I disposed of all of my reserves. We would be more than that, may I say, if we permit this country to dispose of all of its foodstuffs in the name of commercial exports.

Is it not interesting that we have reserves of bombs? We have $500 million worth of them stored in Asia. But we do not even want to watch what is happening to the market and the supply condition as far as foodstuffs are concerned.

Mr. President, I do not intend to press this amendment to a vote, because the purpose of the amendment was to buttress the argument of the Senator from New York. But I wanted very clearly to make the case as to why we need closer monitoring. The Senator from New York has an amendment which I think will suffice——

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. HUMPHREY. Though it does not go as far as it ought to.

I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

The Senator from Oregon is recognized.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that Elinor Bachrach, Senator PROXMIRE's legislative assistant, be allowed to remain on the floor during the pendency of the pending bill.

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

The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

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

Mr. STEVENSON. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

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

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

Mr. STEVENSON's amendment is as follows:

S. 3792 is amended by redesignating section 11 on page 13, line 15 as section "912)" and inserting a new section 11 as follows:

"The Export Administration Act of 1969 as amended is further amended by inserting after section 4A as added by this bill, the following new section:

"4B. Not withstanding any provision of this or any other law, for one year from the date of the enactment of this law, the United States shall not export any materials, supplies, articles, technical data or any other information relating to the design, development, fabrication, supply, repair or replacement of any nuclear facility or any part thereof, unless the country receiving such export has agreed (1) to subject all nuclear facilities within such country to the safe-

guards of the International Atomic Energy Agency, (2) to adopt such additional safeguards as the United States Arms Control and Disarmament Agency shall prescribe, and (3) has agreed not to reexport any nuclear supplies, articles, information and technical data. Exempted from this one year moratorium on nuclear exports, are existing commitments by the United States to supply fuel under contracts signed prior to June 30, 1974."

Mr. STEVENSON. Mr. President, I do not do this very often, but I want to warn my colleagues that I am going to take a little time and talk on a subject that I think is of great importance to the future of this country and the world, the subject of nuclear proliferation.

Mr. President, I offer this amendment on behalf of myself, the Senator from Minnesota (Mr. HUMPHREY), and the Senator from Idaho (Mr. CHURCH).

Twenty years ago the United States started, innocently enough, a program called "Atoms for Peace." In the intervening years, the United States has entered into cooperative agreements with 29 countries for the transfer of nuclear technology—technology ostensibly for peaceful purposes.

During that 20 years, other countries have acquired U.S. nuclear technology indirectly, some of them from France, which imports U.S. nuclear technology. Still other countries have developed their own nuclear technology, and in turn have exported it to even more nations.

Nuclear technology is now advancing at a rate that is far in excess of the rate at which peoples and governments can begin to comprehend and respond to in the interest of their ultimate safety. Nuclear reactors are being developed, including heavy-water reactors, which can use unenriched or slightly enriched uranium. Nuclear technology now also includes fast breeder reactors and high-temperature gas reactors. All of these reactors produce plutonium. And the technology to convert this plutonium into bombs is freely available.

The short of it, Mr. President, is simply that with the technology now available and the proliferation of nuclear equipment throughout the world, any country that wants to will soon be in a position to obtain an atomic bomb.

Not only has there been rapid advances in reactor technology, but also in technology for the processing of the fuel used in nuclear reactors. The Union of South Africa, for example, is reported to be developing a new laser for the processing of fuel for nuclear reactors.

The reactors themselves are of many varieties. Canada and the United Kingdom recently opted for the heavy water reactor. Canada is already exporting this reactor to many parts of the world. The Canadian reactor is virtually unpoliceable, particularly because it uses unenriched or raw uranium, which is abundant throughout the world.

Mr. President, this all means that every country that wants to can soon have some sort of nuclear capability, and that, in turn, means not only the countries themselves but terrorist groups.

The result in the world will be destabilizing in the extreme. Regional conflicts which were once limited to conventional warfare could escalate and go nuclear.

It is not coincidence that many of the countries acquiring a nuclear military capability are in such unstable regions of the world—South Asia, East Asia, the Middle East, and Latin America.

It means, Mr. President, that U.S. influence will diminish as the nuclear monopoly is broken up, as other countries acquire nuclear power for military as well as for peaceful purposes. It means that the terrorist organizations, which have resorted to hijacking, killings, and other forms of terrorism in the past for blackmail purposes will, in the future, have, if something is not done, access to nuclear technology, nuclear weapons for the same ugly purposes.

Mr. President, this proliferation of nuclear technology, ostensibly peaceful, but actually or inevitably for nonpeaceful purposes, was given momentum by the recent Moscow summit test ban agreement, which will surely convince all of nations of the world that the super powers, the United States and the Soviet Union, are not serious about controlling the testing of nuclear weapons.

It is given impetus by the energy crisis. Countries everywhere are seeking alternative sources of energy to expensive oil. It is given impetus by the desire of the major industrialized countries to export commodities of all kinds, including nuclear reactors, in order to generate the revenues with which to pay their growing oil bills.

Many countries fear that the U.S. nuclear umbrella is shaky; that its commitment of conventional forces to the defense of these countries is weak. Japan is but one example.

The political instability of many regions gives nuclear proliferation added momentum. It is no accident that India has already detonated a nuclear explosive device. Pakistan is now in the process of attempting to acquire a separator with which it will be able to process and produce the plutonium for the development of its own nuclear weapons. Iran will certainly not be content to remain a nonnuclear power in the Middle East. And the Canadians are now making efforts to sell heavy water reactors to South Korea. Thus, countries seeking a cheap source of energy can, at the same time, obtain a cheap source of what they perceive to be power and influence in the world.

So it is, Mr. President, that already 5 countries are known to have nuclear military capability. Others may have it or are close to developing it. Those countries include Japan, West Germany, Argentina, Brazil, Pakistan, South Korea, India, and Israel.

Still more countries have the capability for acquiring nuclear military potential within the next 10 years: Italy, South Africa, Spain, Portugal, Algeria, Chile, Saudi Arabia, North Korea, Egypt, the Netherlands, Belgium, Turkey, Colombia, Libya, Switzerland, Venezuela, and South Africa, to mention but a few.

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

Mr. STEVENSON. I yield to the Senator from Rhode Island.

Mr. PASTORE. I would like to ask several questions of the Senator. I think the spirit of this amendment is good.

First of all, let me ask this quesion: Why does the Senator limit this to one year? Is there any special reason for it?

Mr. STEVENSON. Yes, there is. I have not gotten to my explanation of the amendment yet, but I will tell the Senator the purpose is the same purpose which led to the Nuclear Test-Ban Treaty. The purpose is to give the nations of the world a breathing spell, an opportunity to sit down and begin to develop adequate bilateral and multilateral safeguards and the institutions with which to enforce and maintain those safeguards.

That world is looking to the United States now just as it did in 1956. There is no other country that can take that lead, that can say, "We will stop." Let us take a second look at what we are doing and give ourselves an opportunity to develop those safeguards, and the institutions with which to enforce them."

I point out also that in 7 months the nuclear proliferation conference required under the Nuclear Proliferation Treaty begins. That may be the last change we have to get the cows back in the barn or to prevent all of the cows from getting out.

The purpose is simply that, to give us some time, perhaps a last chance, to develop those safeguards and those institutions with which to enforce them, and if this country does not take the lead, no other country will.

Mr. PASTORE. May I ask another question? In other words, this would eliminate that agreement with relation to Egypt on a reactor; is that correct?

Mr. STEVENSON. Well, it would for a year. The amendment is drafted in such a way that it would not interfere with any existing contracts. Of course, that contract is existing and it would be postponed for a year unless, of course, Egypt agreed to the conditions.

If the Senator will look at the amendment——

Mr. PASTORE. That is the point I was going to raise.

Mr. STEVENSON. If they agree to international safeguards.

Mr. PASTORE. Then it is not a moratorium at all; it is a conditional——

Mr. STEVENSON. It is a partial moratorium. If the country will agree to adequate international safeguards and not to re-export nuclear technology, then the moratorium would not be applied. Then we would be confident that the safeguards were being adhered to.

Mr. PASTORE. What bothers me, if the Senator will permit, as to No. 1, I have no question at all, "subject all nuclear facilities within such country to the safeguards of the International Atomic Energy Agency." Now, that is already in existence. They already have safeguards, and every American reactor is under the International Atomic Energy Agency, so I have no question about that.

No. 2, "To adopt such additional safeguards as the U.S. Arms Control and Disarmament Agency shall prescribe."

That is a responsibility now within the jurisdiction of the AEC. That is exactly

what their job is, to prescribe the proper safeguards.

I wonder why the Senator is shifting from the AEC over to the Arms Control and Disarmament Agency which has no expertise in this direction?

Mr. STEVENSON. Well, the reason is that the Atomic Energy Commission does not review the safeguards of the IAEA. This is aimed at the IAEA. Its safeguards do not apply to all nuclear facilities.

Mr. PASTORE. All the American ones.

Mr. STEVENSON. All the American ones.

Mr. PASTORE. Of course, we cannot govern other agencies, we cannot govern other countries. This Government follows the policy of every American reactor that goes under the international agency; I mean, we do that now. Of course, we cannot tell France what to do because France has now sold four reactors to Iran without any safeguards at all. We cannot tell France what to do. We can only tell America what to do.

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

What technology did France sell to Iran? Is that not Westinghouse technology? Is that not U.S. technology? What did we do to control it?

Mr. PASTORE. Well, now, wait a minute, but the control of that is in France. They have the majority stock. It is a French deal, and there is nothing, of course, that stops Westinghouse from opening up a plant and cooperating with the French Government. I mean I do not know how we are ever going to change that. But the point I am making there is——

The PRESIDING OFFICER. The time of the Senator from Illinois on the amendment has expired.

Mr. STEVENSON. Mr. President, I yield myself ten minutes on the bill.

The PRESIDING OFFICER. The Senator is recognized.

Mr. PASTORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. PASTORE. Is there time for the opposition to this amendment?

The PRESIDING OFFICER. The Senator from Oregon has 15 minutes.

Mr. PACKWOOD. I yield 5 minutes to the Senator from Rhode Island for the opposition.

Mr. PASTORE. I think this raises many international problems. I mean, the Senator already has admitted that this would block the agreement that there may be a reactor furnished to Egypt or to Israel. We are now negotiating with Iran. Iran has already bought four reactors from France. I am afraid that we are going to muddle up American export trade; that is about the size of it.

What we are going to do is just throw American industry right out of the international market and put it in the hands of other foreign governments—the British, the French.

If we have a provision here that America shall not export any technology or any reactor without it being placed under the safeguard of the international agency, I say fine. If we go on to say those safeguards must also be approved by the Atomic Energy Commission and recommended to the Congress, I say fine. But when we say that a peaceful reactor has to be charged by the Arms Control and Disarmament Agency, I am afraid we are going to break our relations diplomatically with the countries of the world; and what we are going to do is take a flourishing American industry and turn it over to foreign entrepreneurs. I say this would be a very serious mistake, and I do not think this matter ought to be resolved on the floor in 10 minutes.

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

Mr. PASTORE. I yield to the Senator from Vermont.

Mr. AIKEN. As this amendment is written, I think it would apply primarily to India, Israel, and Egypt.

Mr. PASTORE. That is the intention.

Mr. AIKEN. But there are 19 countries in which agreement has already been reached. The result would be that we would simply be concentrating all this nuclear business in the hands of France, which is sitting there, ready to take the business.

Mr. PASTORE. They are already doing it.

Mr. AIKEN. At present, it would prohibit doing business with Egypt and Israel, and I am sure that India would be involved, or quite upset, anyway. We have a reactor in India, although it was not our reactor that made the difficulties the other day. They were complying with our regulations, but the Canadians did not have them.

Mr. PASTORE. There is another matter here, also. I would make a provision here that there could not be any export of this technology unless they signed a nonproliferation treaty. I would buy that.

Mr. HUMPHREY. Will the Senator from Illinois yield?

Mr. STEVENSON. I yield to the distinguished Senator from Minnesota.

Mr. HUMPHREY. I must say that I think some of the situations that have been suggested here by the Senator from Rhode Island carried great merit and I would hope the main sponsor of the bill would give them the most serious consideration.

I like, for example, the most recent suggestion of the Senator from Rhode Island which I believe would do a great deal to eliminate the danger of proliferation which is what we are worried about.

Secondly, where the amendment has reference to the U.S. Arms Control and Disarmament Agency, the main consideration needed here is to make sure that any country which receives an export shall at least be required to abide by the safeguards of the International Atomic Energy Agency.

Now, that is the first point in the amendment.

Mr. STEVENSON. That is already law, and it is totally ineffectual.

Mr. HUMPHREY. Well, that is the first——

Mr. STEVENSON. We have been holding hearings on this subject and the evidence is undisputed. The only standard safeguards that have any effect at all are the IAEA safeguards, plus whatever safeguards we get in the cooperation agreements with recipient countries. Even in the case of light water reactors, the IAEA standards are inadequate because the safeguards do not prevent diversion of nuclear materials. Their only purpose is to detect, and to that extent, they are inadequate, too, because the IAEA does not even have the personnel or the funds with which to enforce these safeguards throughout the world.

Mr. HUMPHREY. But, if the Senator will yield, the first provision in the amendment which I am privileged to join him in is to subject all nuclear facilities within such countries to the safeguards of the International Atomic Energy Agency. There is that No. 1.

Mr. STEVENSON. That is number one, and that goes beyond what is being done now.

Mr. HUMPHREY. That is right.

Mr. STEVENSON. So I say, before we sell in those countries, we should require that the recipient subject all of the nuclear facilities to the IAEA standards. That is the first one.

Mr. HUMPHREY. May I ask the Senator from Rhode Island, is that not a sensible requirement?

Mr. PASTORE. Well, that may be a sensible requirement, but the fact still remains that there is a situation here with Egypt and with Israel where there are going to be some big problems. I do not think that this matter that is so important and has so many ramifications and could have so many serious consequences ought to be settled this way. As a matter of fact, I would like to appear before the committee that considered this in order to present what I feel should be the answer to the problem.

I was the author of the nonproliferation resolution which led to the Non-Proliferation Treaty, and that passed by a vote of 84 to 0. I have lived with this for 21 years.

I realize we have to be very careful. No. 1, I would not sell a reactor to anyone who has not signed a nonproliferation treaty. Egypt has signed a nonproliferation treaty but has not ratified it. Israel has not signed it. India has not signed it.

If the Senator is telling me that we should not give them a reactor until they sign that nonproliferation treaty, I shall buy it.

Mr. HUMPHREY. I think the Senator's suggestion is very meritorious.

Mr. PASTORE. The argument that he is making is that we cannot sell to India a reactor unless India agrees to put all the reactors she has from France or Germany or Great Britain or anybody else, or from Canada—that she put that under the international agency. That might be all right, but I would like to hear from the Secretary of State before we agree to that.

What will that lead to? These are very fundamental questions. How do we decide it on an amendment that is limited to a 10-minute debate?

It is ridiculous because the ramifications and the consequences are so severe

here that we could find ourselves right behind the eight ball.

Mr. HUMPHREY. Mr. President, I think the Senator makes a very valid point. I gather that one of the purposes in offering the amendment is to get this matter ventilated and to open up the subject. The Senator from Illinois has been holding hearings on nonproliferation and has gathered a great deal of information. I thought as one who wanted to support his effort that we should hear what he has to say. I think his proposal and debate today has been very valuable.

Mr. PASTORE. I would like to ask the Senator from Illinois whether the Secretary of State has been heard on this.

Mr. STEVENSON. The Secretary of State has been heard.

Mr. PASTORE. On this particular amendment?

Mr. STEVENSON. No, not on this particular amendment; of course not. I would not expect him to support it.

Mr. PASTORE. Is it not a shame that we cannot get the Department of State to support something that is good for this country. What are we going to do with Henry Kissinger; just kiss him goodbye, too?

Mr. STEVENSON. Mr. President, the principal purpose of this amendment is to begin debate with respect to a matter which is of vital importance to the United States.

The Government of the United States, like the Government of Canada, takes the view that it should promote the sale of nuclear reactors indiscriminately, everywhere in the world; in the case of the United States subjecting them to IAEA safeguards but in the case of Canada subjecting them to no adequate safeguards at all.

What I am trying to do is suggest that there are longer terms and more important considerations than the immediate effect on the balance of payments in the sale of nuclear reactors. I know there is widespread concern about it in the Department of State. There is a great deal of uncertainty in our Government today about what should be done, but a growing feeling that something should be done. I am not confident of the answer. All I know is that I feel very, very deeply that we should be seeking that answer because the existing safeguards of the IAEA are grossly inadequate.

They are not even intended to prevent the diversion of nuclear materials for military purposes. They are simply intended to detect the diversion after the fact. With the proliferation of nuclear technology throughout the world, and with the rapidity with which the technology is developing, including the technology for the processing of the fuels, it means that very soon any country that wants it will be able to acquire the nuclear device, the bomb—and the terrorists groups, too.

All I am saying, Mr. President, is that the safeguards now are inadequate. In many countries, of course, they do not even exist, or they only partially exist, as in the case of India. Even where IAEA has some jurisdiction, it does not have the personnel with which to police the agreements.

What I am suggesting, Mr. President, is that some country has to take the lead. The IAEA and the Nuclear Proliferation Treaty are not even addressed to the problem of reexports. That is how the Iranians acquired nuclear reactors. The United States exports to France which, in turn, exports to Iran. Nothing prevents one country from exporting to another.

To make matters worse, Mr. President, the only effective sanction or means of enforcing such safeguards as exist is the control of fuel. The United States can cut off fuel as a means of controlling the use of nuclear reactors for nonpeaceful purposes. But as countries develop their own sources of fuel or acqire access to alternative sorces of fuel—as technology advances—that sanction weakens.

This is particularly true in the case of the Canadian reactor, which uses unenriched uranium. Unenriched uranium, or raw uranium, is in abundant supply throughout the world. It may already be too late to get those cows back into the barn, but it is not too late to attempt some sanity.

The proliferation of nuclear technology, ostensibly for peaceful purposes but with the potential of use by governments and by nonnational groups—terrorist groups—for nonpeaceful purposes, is potentially the most serious threat to the peace of the world.

The Nuclear Proliferation Treaty recognized that threat, but it is not equal to the task. Since its adoption, nuclear technology has proliferated for peaceful purposes. Now we know that the technology for peaceful purposes can be used for nonpeaceful purposes.

The United States took the lead once before by suspending unilaterally the testing of nuclear devices in the atmosphere. That act led to the partial nuclear test ban treaty. What I am doing in this amendment is simply to suggest that we should do so again.

The world looks to the United States for leadership, as it has nowhere else to turn. All this amendment does is propose a 1-year moratorium on U.S. exports of nuclear technology and materials to countries which do not subject their nuclear facilities to the safeguards of the International Atomic Energy Agency, and safeguards that we know are adequate, namely the standards of the Arms Control and Disarmament Agency.

It would also forbid exports to such countries which do not, in turn, agree not to reexport nuclear material.

It is my hope that with the United States taking the lead, others will follow, as they did in the case of the unilateral suspension of nuclear weapons the testing by the United States years ago.

If, of course, other countries did not follow, the United States could resume exports of nuclear reactors and other materials in competition with other countries.

Mr. Presidnet, all nations, both recipients and suppliers, share an interest in controlling this menace. The conference required by the Nuclear Proliferation Treaty meets in February. That Conference will afford all the supplier countries, as well as the recipients, an opportunity to take some time to develop safeguards against proliferation of nuclear technolgy for nonpeaceful purposes and to review the international institutions which to enforce such safeguards.

All I am suggesting, Mr. President, is that the supplier countries now take time, just a little time—1 year—to develop realistic safeguards and those international institutions, neither of which are available now to protect the world from the proliferation of nuclear technology for nonpeaceful purposes.

If we do not take that lead, no one will. Soon it could be too late.

Mr. PASTORE. Will the Senator yield?

Mr. PACKWOOD. How much time does the Senator wish? I will yield all the time I have on the amendment.

Mr. PASTORE. Mr. President, only this past week, as chairman of the Subcommittee on Appropriations for the State Department, I invited the members of the State Department to come and address our committee. I invited all the members of the Appropriations Committee, and there was a very, very fine attendance on the part of the members.

I am not revealing any secrets at all, but Mr. Kissinger, when he was asked about the situation in the Middle East, informed the committee that the Russians were sending in massive military aid to Syria, and that because the Israelis had more or less built their settlements up to the line of occupation, that this raised a very, very delicate question as to whether or not this matter can be resolved, and be resolved amicably in a short time.

He went on to indicate that the one key that we have in the Middle East at the present time, insofar as the leaders of the Arab world are concerned, is Sadat.

This amendment, if it is passed tonight and becomes law, will bar and postpone for 1 year whatever agreement is made with Egypt on furnishing them technology on a nuclear reactor for peaceful purposes.

I am not going to argue the merits of whether or not we should grant this to Egypt or not. All I am saying is this: That if we summarily block that agreement here tonight, without knowing what the world repercussions will be, we might lose the key and we might have that part of the world inflamed once again.

All I am saying is that this is a very, very serious and important problem, and it is one that needs to be explored in detail; that the consequences have to be considered.

I hope that something will be worked out in the future and that my good friend, the Senator from Illinois, will not press this amendment at this time.

If this matter is to be studied, I am all for a study. But if we pass a law tonight blocking any agreements with Egypt or with Israel, we may spoil in 10 minutes what it took Henry Kissinger to put together in 5 or 6 months. I hope we do not do that tonight.

I hope that the Senator from Illinois, as sincere and devoted as he is, will understand that the ramifications might come back to haunt us. It might again start a shooting war in the Middle East; and perhaps with a little calmness, a lit- the commonsense, and a little understanding, we can avoid that. That, to me, is the important thing tonight.

I hope the Senator from Illinois will withdraw this amendment. Otherwise, I will be compelled to move to lay it on the table.

Mr. STEVENSON. Mr. President, I do not intend to press for a vote of this amendment tonight.

I do point out, once again, that the amendment would not bar, even for the 1-year period, the transfer of nuclear technology to either Egypt or Israel—or, for that matter, to any country in the world. All it would do would be to ban the transfer by the United States of nuclear technology to those countries if they did not agree to international safeguards against diversion of nuclear materials for nonpeaceful purposes. If the Egyptians and the Israelis will not agree to those terms, why should we supply them with this technology?

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

Mr. STEVENSON. I yield.

Mr. PASTORE. The Senator knows that the Arms Control and Disarmament Agency has not considered safeguards. It might take them a year to explore that.

According to the Senators' amendment, the whole world will have to wait until that agency begins to hold hearings and institutes and enacts safeguards which we do not have.

This problem is so immediate that we might have to decide the Egyptian question within a week. I do not know. But negotiations have been going on.

We have already reached an agreement with Egypt that if they do get a reactor, over and above the international agency, they will have to account to us on a bilateral basis, and that we intend to take the fuel rods out and make sure they get into another sovereignty and not remain in Egypt. All this is being worked out. With this amendment, the Senator is going to kill it all off tonight.

I am saying that these repercussions may be so serious that we could even be starting a war tonight.

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

Mr. PASTORE. I yield.

Mr. MANSFIELD. I understood the manager of the bill to say that he did not intend to press this amendment, just before the Senator took the floor.

Mr. PASTORE. He said he did not press for a vote tonight. I do not know what this means. We will do it tomorrow.

Mr. STEVENSON. Mr. President, I do intend to withdraw this amendment and to offer a second amendment, which I am very hopeful that the distinguished Senator from Rhode Island, my good friend, will accept.

Mr. PASTORE. Mr. President, I want to congratulate the Senator. I will support his second amendment.

Mr. STEVENSON. Mr. President, I withdraw the amendment.

The PRESIDING OFFICER (Mr. MUSKIE). The amendment is withdrawn.

Mr. STEVENSON. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. STEVENSON. 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 is as follows:

Redesignate section 11 on page 13, line 15 as section "(12)" and insert a new section 11 as follows:

The Export Administration Act of 1969 as amended is further amended by inserting after section 4A as added by this bill, the following new section:

"4B. The President is directed to review all laws and regulations issued thereunder by the Atomic Energy Commission, the Department of Commerce, and other government agencies, governing the export and re-export of materials, supplies, articles, technical data or other information relating to the design, fabrication, development, supply, repair or replacement of any nuclear facility or any part thereof, and to report within six months to the Congress on the adequacy of such regulations to prevent the proliferation of the nuclear capability for nonpeaceful purposes. The President is also directed to review domestic and international nuclear safeguards and to report within six months to the Congress on the adequacy of such safeguards to prevent the proliferation, diversion, or theft of all such nuclear materials and on efforts by the United States and other countries to strengthen international nuclear safeguards in anticipation of the Review Conference scheduled to be held in February 1975 pursuant to Article VIII, section 3 of the Treaty on the Non-Proliferation of Nuclear Weapons."

Mr. STEVENSON. Mr. President, the hour is late. I do not intend to press this any longer on the Senate's time.

This amendment would simply require the President to review existing bilateral safeguards and the adequacy of international safeguards and report back to Congress within 6 months on the adequacy of all such safeguards. I have chosen the period of 6 months because in about 7 months, the Conference on the Review of the Nuclear Proliferation Treaty begins.

The resolution would also require the President, in effect, to prepare for that conference.

Mr. President, as I suggested earlier, my purpose is basically twofold: to begin a consideration of nuclear proliferation and the threat which the proliferation of nuclear technology poses for the world; also, to try to encourage the executive branch to give it attention to this problem and to prepare for the conference which begins in February. That is the entire purpose of this amendment. I urge its adoption.

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

Mr. STEVENSON. I yield.

Mr. PASTORE. Mr. President, I congratulate the Senator for this amendment. I think this matter calls for a study that is very timely. I believe the President of the United States has that responsibility, and we in Congress should be informed to that extent. I congratulate the Senator.

Let the record show that I am supporting this amendment.

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

Mr. STEVENSON. I thank the Senator from Rhode Island.

I yield to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I commend the Senator from Illinois for his very constructive approach on both these amendments. The first one, which he withdrew, was an amendment designed to promote constructive debate, and it did just that. We have been talking here privately about the dangers of proliferation of nuclear weapons.

The distinguished Presiding Officer, the Senator from Maine (Mr. MUSKIE), is chairman of the Arms Control Subcommittee, and he has scheduled hearings on this subject. It is a matter of deep concern for the Committee on Foreign Relations and, I imagine, for every Member of Congress.

The Senator from Illinois has shown the initiative to hold hearings and to give us the benefit of his counsel. I thank him. That is why I associated myself with him in this endeavor.

The second amendment is highly commendable and desirable. I hope the RECORD will indicate that Congress, itself, should be looking into all laws and regulations relating to nuclear energy, its peaceful uses, and any dangers or problems that might ensue or follow from the sale of nuclear reactors.

I am very pleased to have an amendment that asks the President and the agencies of the executive branch to do this. But I would gather that, as a result of that study, we would have some responsibility of our own to follow through, to utilize the information that comes from the President and from the Executive offices and to make our own assessments; because we are going to be confronted every year, from here on out, with a continuing export problem or export sales of nuclear reactors for the purposes of energy.

I am hopeful that we will see to it that the safeguards to which the Senator from Illinois has given his attention are properly designed and enforced, lest we find that we have opened up the world to the expansion of nuclear weaponry to a point where there is no return, and no one is safe.

I thank the Senator from Illinois.

Mr. STEVENSON. I thank the Senator from Minnesota. I heartily approve his suggestion that it behooves Congress and all its appropriate committees to begin a thorough airing of this subject. So far as the Subcommittee on International Finance is concerned, of which I am the chairman, it will do so.

Mr. President, I yield back the remainder of my time on the amendment.

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

The PRESIDING OFFICER. All time on the amendment having been yielded back, the question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. PACKWOOD. I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk proceeded to read the amendment.

Mr. PACKWOOD. 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 the amendment will be printed in the RECORD.

The amendment is as follows:

On page 8, lines 2 and 15, insert "unique" immediately before "hardship".

Beginning on page 8, line 19, strike all through page 9, line 8 and insert in lieu thereof the following:

"(1) Whether denial would cause a unique hardship to the applicant which can be alleviated only by granting an exception to the applicable regulations.

In determining whether relief shall be granted the Secretary will take into account:

"(A) Ownership of material for which there is no practicable domestic market by virtue of the location or nature of the material;

"(B) Potential serious financial loss to the applicant if not granted an exception;

"(C) Inability to obtain, except through import, an item essential for domestic use which is produced abroad from the commodity under control;

"(D) The extent to which denial would conflict, to the particular detriment of the applicant, with other national policies including those reflected in any international agreement to which the United States is a party;

"(E) Possible adverse effects on the economy (including unemployment) in any locality or region of the United States; and

"(F) Other relevant factors, including the applicant's lack of an exporting history during any base period that may be established with respect to export quotas for the particular commodity.

"(2) The effect a finding in favor of the applicant would have on attainment of the basic objectives of the short supply control program.

In all cases, the desire to sell at higher prices and thereby obtain greater profits will not be considered as evidence of a unique hardship, nor will circumstances where the hardship is due to imprudent acts or failure to act on the part of the appellant.

Mr. PACKWOOD. Mr. President, this is an amendment which Senator PROXMIRE, the Department of Commerce, Senator STEVENSON, and I have drafted and agreed to tighten up the language allowing for exceptions in unique hardship situations.

The language that came out of the committee we felt was loose, and we would rather have this tighter language and take it to conference in this fashion.

Mr. PROXMIRE. Mr. President.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. PROXMIRE. Would the Senator yield me a little time?

Mr. PACKWOOD. Yes.

Mr. PROXMIRE. Mr. President, I am willing to accept the Senator's language amending section 8 of S. 3792. This language has been worked out in consultation with the Department of Commerce, and I am satisfied that it will deal with the problem addressed in that section of the bill.

Let me describe the nature of that problem and clarify the understanding reached with the Department of Commerce.

In the course of the committee's consideration of this legislation, it was brought to my attention that the imposition of short supply controls by the Commerce Department on exports of ferrous scrap, pursuant to the Export Administration Act of 1969, created a unique hardship on the operations of certain segments of the U.S. automobile industry. The adverse impact of the controls in this instance is largely the result of the economic relationship of domestic automobile manufacturers with Canadian subsidiaries, affiliated producers, and contract suppliers, who produce critical components for automobiles assembled in this country. In some cases, the foreign firm is the sole supplier of the component to the U.S. manufacturer. These relationships have developed principally as a result of the U.S. Government's policy of encouraging the integration of the U.S. automobile industry on both sides of the United States-Canadian border, a policy that has been in effect since the signing of the United States-Canadian Automotive Products Agreement in 1965.

The advent of export controls on ferrous scrpa has had the effect of restricting the ability of some Canadian producers that are historic suppliers of automotive components used in assembly operations in the United States, to obtain adequate ferrous scrap to meet their supply commitments to the U.S. automobile industry. This situation could ultimately lead to instances of plant shutdowns or curtailed assembly operations by automobile manufacturers in the United States.

To avoid disruption of automobile production schedules in the United States, with attendant adverse impact on domestic employment, and considering that the dependency of U.S. automobile manufacturers on Canadian components has been encouraged and fostered by the U.S. Government pursuant to the United States-Canadian Automotive Products Agreement, I have been assured by the Secretary of Commerce that it is consistent with the objective of the export control program and with the national interest to give favorable consideration to granting hardship licenses for the export of ferrous scrap to historic Canadian manufacturers of U.S. automobile components. Such licenses would be granted on a case-by-case basis upon receiving satisfactory evidence that the amount of ferrous scrap available to the Canadian manufacturer from U.S. sources under historic export quota allocations, coupled with the amount of scrap obtainable by him from Canadian sources, is insufficient to enable him to supply the components needed to maintain automobile production schedules in the United States. Is this the understanding of the managers of the bill?

Mr. PACKWOOD. Yes, this is exactly the understanding that we worked out with the Department of Commerce on the problem involved.

Mr. PROXMIRE. May I ask the Senator from Illinois if this is his understanding also?

Mr. STEVENSON. Yes, it is.

Mr. PROXMIRE. I thank the Senator.

Mr. President, then I agree to accepting the amendment as proposed.

Mr. STEVENSON. Mr. President, I yield back the remainder of my time.

Mr. PACKWOOD. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Oregon (Mr. PACKWOOD).

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on passage.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote on S. 3792 occur not later than the hour of 6:30 p.m., and that rule XII be waived.

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

The bill is open to further amendment.

Mr. STEVENSON. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. STEVENSON. I ask unanimous consent that further reading of the amendment be dispensed with.

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

Mr. STEVENSON's amendment is as follows:

On page 12, line 1, strike the word "disagree" and insert in lieu thereof the word "agree".

On page 12, line 3, insert the word "not" immediately after the word "would".

Mr. STEVENSON. Mr. President, this is a technical amendment. It simply changes the word "disagree" on page 12 to "agree," and adds, after the word "would" on line 3 on page 12, the word "not." It makes no substantive change in the language of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

The PRESIDING OFFICER (Mr. MUSKIE). The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the

question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Louisiana (Mr. LONG), the Senator from Montana (Mr. METCALF), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Utah (Mr. BENNETT), the Senator from Tennessee (Mr. BROCK), the Senator from New Hampshire (Mr. COTTON), the Senator from Nebraska (Mr. CURTIS), the Senator from Hawaii (Mr. FONG), the Senator from Nebraska (Mr. HRUSKA), and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

The result was announced—yeas 79, nays 7, as follows:

[No. 342 Leg.]

YEAS—79

Abourezk	Goldwater	Muskie
Aiken	Griffin	Nelson
Allen	Gurney	Nunn
Bartlett	Hart	Packwood
Bayh	Hartke	Pastore
Beall	Haskell	Pearson
Bellmon	Hatfield	Pell
Bentsen	Hathaway	Percy
Bible	Hollings	Proxmire
Biden	Huddleston	Randolph
Brooke	Hughes	Ribicoff
Burdick	Humphrey	Roth
Byrd, Harry F., Jr.	Inouye	Schweiker
Byrd, Robert C.	Jackson	Scott, Hugh
Cannon	Javits	Sparkman
Case	Johnston	Stafford
Chiles	Kennedy	Stevens
Church	Magnuson	Stevenson
Clark	Mansfield	Symington
Cook	McClellan	Taft
Cranston	McGee	Talmadge
Dole	McGovern	Thurmond
Domenici	McIntyre	Tower
Dominick	Metzenbaum	Tunney
Eagleton	Mondale	Weicker
Ervin	Montoya	Williams
	Moss	

NAYS—7

Buckley	Helms	Scott, William L.
Fannin	McClure	Young
Hansen		

NOT VOTING—14

Baker	Eastland	Long
Bennett	Fong	Mathias
Brock	Fulbright	Metcalf
Cotton	Gravel	Stennis
Curtis	Hruska	

So the bill (S. 3792) was passed as follows:

An Act to amend and extend the Export Administration Act of 1969

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Export Administration Amendments of 1974".

SHORT SUPPLY POLICY

SEC. 2. Section 3(2)(A) of the Export Administration Act of 1969 is amended by striking out "abnormal".

MONITORING

SEC. 3. (a) Section 4 of the Export Administration Act of 1969 is amended by redesignating subsections (c) through (e) thereof as subsections (d) through (f), respectively, and by inserting after subsection (b) a new subsection (c) as follows:

"(c)(1) To effectuate the policy set forth in section 3(2)(A) of this Act, the Secretary of Commerce shall monitor exports, and contracts for exports, of any article, material, or supply (other than a commodity which is subject to the reporting requirements of section 812 of the Agricultural Act of 1970) when the volume of such exports in relation to domestic supply contributes, or may contribute, to an increase in domestic prices or a domestic shortage, and such price increase or shortage has, or may have, a serious adverse impact on the economy or any sector thereof. Information which the Secretary requires to be furnished in effecting such monitoring shall be confidential, except as provided in paragraph (2) of this subsection.

"(2) The results of such monitoring shall, to the extent practicable, be aggregated and included in weekly reports setting forth, with respect to each article, material, or supply monitored, actual and anticipated exports, the destination by country, and the domestic and worldwide price, supply, and demand. Such reports may be made monthly if the Secretary determines that there is insufficient information to justify weekly reports."

(b) Section 10 of such Act is amended—

(1) by inserting "(a)" after "SEC. 10."; and

(2) by adding at the end thereof the following:

"(b)(1) The quarterly report required for the first quarter of 1975 and every second report thereafter shall include summaries of the information contained in the reports required by section 4(c)(2) of this Act, together with an analysis by the Secretary of Commerce of (A) the impact on the economy and world trade of shortages or increased prices for articles, materials, or supplies subject to monitoring under this Act, (B) the probable duration of such shortages or increased prices, (C) the worldwide supply of such articles, materials, and supplies, and (D) actions taken by other nations in response ot such shortages or increased prices.

"(2) Each such quarterly report shall also contain an analysis by the Secretary of Commerce of (A) the impact on the economy and world trade of shortages or increased prices for commodities subject to the reporting requirements of section 812 of the Agricultural Act of 1970, (B) the probable duration of such shortages or increased prices, (C) the worldwide supply of such commodities, and (D) actions being taken by other nations in response to such shortages or increased prices. The Secretary of Agriculture shall fully cooperate with the Secretary of Commerce in providing all information required by the Secretary of Commerce in making such analysis.".

(c) Section 5(a) of such Act is amended—

(1) by striking out "hereunder" in the first sentence and inserting in lieu thereof the words "or monitored under this Act"; and

(2) by inserting immediately after such first sentence the following: "Such departments and agencies shall fully cooperate in rendering such advice and information.".

(d) Section 5(a) of the Act is further amended by the following at the end thereof: "In addition, the Secretary of Commerce shall consult with the Federal Energy Administration to determine whether monitoring under section 4 of the Act is warranted with respect to exports of facilities, machinery or equipment normally and principally used, or intended to be used, in the production, conversion or transportation of fuels and energy (except nuclear energy), including but not limited to, drilling rigs, platforms and equipment; petroleum refineries, natural gas processing, liquefication and gasification plants; facilities for production of synthetic natural gas or synthetic crude oil; oil and gas pipelines, pumping stations and associated equipment and vessels for transporting oil, gas, coal and other fuels.".

INTERNATIONAL COOPERATION TO SECURE ACCESS TO SUPPLIES

SEC. 4. (a) Section 2 of the Export Administration Act of 1969 is amended by adding at the end thereof the following new paragraph:

"(5) Unreasonable restrictions on access to world supplies can cause worldwide political and economic instability, interfere with free international trade, and retard the growth and development of nations."

(b) Section 3(3)(A) of such Act is amended by striking out "with which the United States has defense treaty commitments".

(c) Section 3(5) of such Act is amended—

(1) by striking out the word "and" immediately preceding clause (B); and

(2) by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "and (C) to foster international cooperation and the development of international rules and institutions to assure reasonable access to world supplies.".

HIGH TECHNOLOGY EXPORTS

SEC. 5. (a) Section 4 of the Export Administration Act of 1969, as amended by section 3 of this Act, is amended by adding at the end thereof the following new subsection:

"(g) Any export license application required by the exercise of authority under this Act to effectuate the policies of section 3(1)(B) or 3(2)(C) shall be approved or disapproved not later than ninety days after its submission. If additional time is required, the Secretary of Commerce or other official exercising authority under this Act shall inform the applicant of the circumstances requiring such additional time and give an estimate of when his decision will be made."

(b) Section 5(c)(1) of such Act is amended by striking out the next to the last sentence thereof and inserting in lieu thereof the following: "Each such committee shall consist of representatives of United States industry and Government, including the Departments of Commerce, Defense, and State, and, when appropriate, other Government departments and agencies.".

(c) Section 5(c) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) To facilitate the work of the technical advisory committees, the Secretary of Commerce, in conjunction with other departments and agencies participating in the administration of this Act, shall disclose to each such committee adequate information, consistent with national security, pertaining to the reasons for the export controls which are in effect or contemplated for the grouping of articles, materials, and supplies with respect to which that committee furnishes advice.".

(d) Not later than one year after the date of enactment of this Act, the Secretary of Commerce shall include in a quarterly report under section 10 of the Export Administration Act of 1969 an accounting of actions taken to expedite the processing of export license applications as required under section 4(g) of the Export Administration Act of 1969.

OPPORTUNITY TO COMMENT ON LICENSING

SEC. 6. Section 5(b) of the Export Administration Act of 1969 is amended—

(1) by inserting "(1)" after "(b)"; and

(2) by adding at the end thereof the following:

"(2) Upon imposing quantitative restrictions on exports of any article, material, or supply to carry out the policy stated in section 3(2)(A) of this Act, the Secretary of Commerce shall publish a notice in the Federal Register inviting all interested parties to submit written comments within fifteen days from the date of publication on the impact of such restrictions and the method of licensing used to implement them.".

TECHNICAL AND CONFORMING CHANGES

SEC. 7. Section 4(d) of the Export Administration Act of 1969, as redesignated by section 3 of this Act, is amended to read as follows:

"(d) Nothing in this Act or the rules or regulations thereunder shall be construed to require authority or permission to export, except where required by the President to effect the policies set forth in section 3 of this Act.".

HARDSHIP RELIEF

SEC. 8. The Export Administration Act of 1969 is amended by inserting after section 4 the following new section:

"PROCEDURES FOR HARDSHIP RELIEF FROM EXPORT CONTROLS

"SEC. 4A. (a) Any person who, in his domestic manufacturing process or other domestic business operation, utilizes a product produced abroad in whole or in part from a commodity historically obtained from the United States but which has been made subject to export controls, or any person who historically has exported such a commodity, may transmit a petition of hardship to the Secretary of Commerce requesting an exemption from such controls in order to alleviate any unique hardship resulting from the imposition of such controls. A petition under this section shall be in such form as the Secretary of Commerce shall prescribe and shall contain information demonstrating the need for the relief requested.

"(b) Not later than thirty days after receipt of any petition under subsection (a), the Secretary of Commerce shall transmit a written decision to the petitioner granting or denying the requested relief. Such decision shall contain a statement setting forth the Secretary's basis for the grant or denial. Any exemption granted may be subject to such conditions as the Secretary deems appropriate.

"(c) For purposes of this section, the Secretary's decision with respect to the grant or denial of relief from unique hardship resulting directly or indirectly from the imposition of controls shall reflect the Secretary's consideration of such factors as—

"(1) Whether denial would cause a unique hardship to the applicant which can be alleviated only by granting an exception to the applicable regulations. In determining whether relief shall be granted, the Secretary will take into account:

"(A) ownership of material for which there is no practicable domestic market by virtue of the location or nature of the material;

"(B) potential serious financial loss to the applicant if not granted an exception;

"(C) inability to obtain, except through import, an item essential for domestic use which is produced abroad from the commodity under control;

"(D) the extent to which denial would conflict, to the particular detriment of the applicant, with other national policies including those reflected in any international agreement to which the United States is a party;

"(E) possible adverse effects on the economy (including unemployment) in any locality or region of the United States; and

"(F) other relevant factors, including the applicant's lack of an exporting history during any base period that may be established with respect to export quotas for the particular commodity.

"(2) The effect a finding in favor of the applicant would have on attainment of the basic objectives of the short supply control program.

In all cases, the desire to sell at higher prices and thereby obtain greater profits will not be considered as evidence of a unique hardship, nor will circumstances where the hardship is due to imprudent acts or failure to act on the part of the appellant.".

INTERAGENCY REVIEW

SEC. 9. Section 4 of the Export Administration Act of 1969, as amended by sections 3 and 4 of this Act, is amended by adding at the end thereof the following new subsection:

"(h)(1) The Congress finds that the defense posture of the United States may be seriously compromised if the Nation's goods and technology are exported to a controlled country without an adequate and knowledgeable assessment being made to determine whether export of such goods and technology will significantly increase the military capability of such country. It is the purpose of this section to provide for such an assessment and to authorize the Secretary of Defense to review any proposed export of goods or technology to any such country and, whenever he determines that the export of such goods or technology will significantly increase the military capability of such country, to recommend to the President that such exports be disapproved.

"(2) Whenever a request for a license or other authority is required by any person to export any goods or technology to any controlled country, the appropriate export control office or agency to whom such request is made shall notify the Secretary of Defense of such request, and such office may not issue any license or other authority pursuant to such request prior to the expiration of the period within which the President may disapprove such export, or prior to the expiration of the period within which the Congress may disapprove an action of the President, if applicable. The Secretary of Defense shall carefully consider all notifications submitted to him pursuant to this subsection and, not later than thirty days after notification of the request, shall—

"(A) recommend to the President that he disapprove any request for the export of any goods or technology to any controlled country if he determines that the export of such goods or technology will significantly increase the military capability of such country;

"(B) notify such office or agency that he will interpose no objection if appropriate conditions designed to achieve the purposes of this Act are imposed; or

"(C) indicate that he does not intend to interpose an objection to the export of such goods or technology.

If the President notifies such office or agency, within thirty days after receiving a recommendation from the Secretary, that he disapproves such export, no license or other authorization may be issued for the export of such goods or technology to such country.

"(3) Whenever the President exercises his authority under this subsection to modify or overrule a recommendation made by the Secretary of Defense pursuant to this section, the President shall submit to the Congress a statement indicating his decision together with the recommendation of the Secretary of Defense. The Congress shall have a period of sixty calendar days of continuous session of both Houses after the date on which the statement is transmitted to the Congress to disapprove the action of the President by adopting a concurrent resolution disapproving the application for the export of such goods, technology or techniques.

"(4) In determining whether the export of any goods or technology to any controlled country will significantly increase the military capability of such country, the Secretary of Defense shall take into account all potential end uses, and the likelihood of an end use other than the end use indicated by the applicant for the export of such goods or technology.

"(5) Effective on July 1, 1974, the removal of any category of goods or technology requiring an export license or other authorization shall require the approval of the President.

"(6) The President is authorized, on behalf of the United States, to agree to any modification of the so-called COCOM international lists (or interpretations thereof) if he determines that such modification would not likely result in a significant increase in the military capability of any controlled country.

"(7) As used in this subsection—

"(A) the term 'goods and technology' includes but is not limited to—

"(i) machinery, equipment, durable goods, and computer software;

"(ii) any license or other arrangement for the use of any patent, trade secret, design, or plan;

"(iii) the so-called know-how or knowledge of any individual, firm, corporation, or other entity;

"(iv) assistance in planning and joint venture arrangements; and

"(v) arrangements under which assistance is provided in developing a manufacturing capability, including so-called turnkey arrangements;

"(B) the term 'export control office' means any office or agency of the United States Government whose approval or permission is required pursuant to existing law for the export of goods or technology; and

"(C) the term 'controlled country' means the Soviet Union, Poland, Romania, Hungary, Bulgaria, Czechoslovakia, the German Democratic Republic (East Germany), and such other countries as may be designated by the Secretary of Defense.

"(8) The Secretary of Defense shall submit to the Congress a written report on his implementation of this section not later than thirty days after the close of each quarter of each fiscal year. Each such report shall, among other things, identify each instance in which the Secretary recommended to the President that exports be disapproved and the action finally taken by the executive branch on the matter.

"(9) Whenever the President exercises his authority under subsections (5) and (6) he shall, having first solicited the recommendation of the Secretary of Defense, transmit his decision, together with the recommendation of the Secretary of Defense, to the Congress. The review and disapproval provisions of subsection (3) shall be applicable to actions taken under subsections (5) and (6).

"(10) The authority granted to the President in subsections (5) and (6) of this section shall be nondelegable."

EXPORT FEES AND LICENSES

SEC. 10. Section 4 of the Export Administration Act of 1969, as amended by sections 3, 4, and 9 of this Act, is amended by adding at the end thereof the following:

"(i) In imposing export controls to effectuate the policy stated in section 3(2)(A) of this Act, the President's authority shall include, but not be limited to, the imposition of export license fees and the auction of export licenses.

"(j)(1) The Secretary of Commerce, after consulting with the Secretary of the Treasury, the Attorney General, and the Secretary of State shall establish regulations for the licensing of exports of all police, law enforcement, or security equipment manufactured for use in surveillance, eavesdropping, crowd control, interrogations, or penal retribution.

"(2) Any license proposed to be issued under this subsection shall be reviewed by the Attorney General and shall be submitted to the Congress. The Congress shall have a period of sixty calendar days of continuous session of both Houses after the date on which the license is transmitted to the Congress to disapprove the issuance of a license by the adoption in either House of a resolution disapproving the proposed license.

"(3) The Secretary of Commerce, with the concurrence of the Secretary of the Treasury, the Attorney General, and the Secretary of

State, may by regulation exempt individual countries and specific categories of police, law enforcement, or security equipment from the congressional review and disapproval authority set forth in paragraph (2) if he finds and determines export of the equipment would not threaten fundamental human and civil liberties."

PRESIDENTIAL REVIEW

SEC. 11. The Export Administration Act of 1969 as amended is further amended by inserting after section 4A as added by this bill, the following new section:

"SEC. 4B. The President is directed to review all laws, and regulations issued thereunder by the Atomic Energy Commission, the Department of Commerce, and other Government agencies, governing the export and re-export of materials, supplies, articles, technical data or other information relating to the design, fabrication, development, supply, repair or replacement of any nuclear facility or any part thereof, and to report within six months to the Congress on the adequacy of such regulations to prevent the proliferation of nuclear capability for nonpeaceful purposes. The President is also directed to review domestic and international nuclear safeguards and to report within six months to the Congress on the adequacy of such safeguards to prevent the proliferation, diversion or theft of all such nuclear materials and on efforts by the United States and other countries to strengthen international nuclear safeguards in anticipation of the Review Conference scheduled to be held in February 1975 pursuant to Article VIII, section 3 of The Treaty on the Non-Proliferation of Nuclear Weapons."

EXPIRATION DATE

SEC. 12. Section 14 of the Export Administration Act of 1969 is amended by striking "July 30, 1974" and inserting in lieu thereof "June 30, 1977".

REVIEW BY COMPTROLLER GENERAL

SEC. 13. (a) The Comptroller General of the United States shall conduct a continuous review of the effectiveness of procedures implemented by the Secretary of Commerce pursuant to the provisions of section 4 of the Export Administration Act of 1969. In carrying out such review the Comptroller General shall consider, among other relevant factors—

(1) current and projected domestic shortages of key commodities, export levels of these commodities, the impact on domestic prices and employment of such shortages, and anticipated domestic and foreign demand for such commodities; and

(2) the need for additional export controls of commodities in short supply, the time and manner in which such controls should be implemented, and the recommended duration of any such controls.

(b)(1) The Comptroller General shall transmit to the Congress regular reports setting forth the results of the review required by subsection (a).

(2) In addition, the Comptroller General shall transmit without delay to the Congress a special report whenever he determines that there is a domestic shortage of any commodity which together with exports of that commodity, threatens domestic price stability of that commodity and/or employment related to that commodity. Such report shall contain the Comptroller General's estimate of the extent of the domestic shortage of that commodity, the current and projected export levels, and the projected domestic price and employment impact at projected export levels. The Comptroller General shall include such recommendations for legislative or administrative action as he deems appropriate.

(c) Notwithstanding the provisions of any other law, in carrying out such functions, the Comptroller General is authorized to request, and any department, agency or instrumentality of the Federal Government is directed to furnish, such information as is necessary to carry out the functions provided for under this section, including estimates of the quantity of any commodity necessary for (1) domestic consumption, (2) exports, and (3) reasonable carryover, including disaster relief assistance or other emergency situations.

AMENDMENT TO MINERAL LEASING ACT OF 1920

SEC. 14. Section 28(u) of the Mineral Leasing Act of 1920 (30 U.S.C. 185) is amended by inserting immediately after "quantity and quality of petroleum available to the United States" the following: "or result, directly or indirectly, in any increase in the price thereof to the United States petroleum purchaser".

AGRICULTURAL COMMODITIES

SEC. 15. Section 4(f) of the Export Administration Act of 1969, as redesignated by section 3 of this Act, is amended by inserting "(1)" immediately after "(f)", and by adding at the end thereof the following:

"(2) Within ninety days after the beginning of the crop year the Secretary of Agriculture shall determine which commodities, if any, subject to the reporting requirements of section 812 of the Agricultural Act of 1970, are likely to be in short supply. A commodity shall be determined to be in short supply if the Secretary of Agriculture estimates that the total quantity of the commodity that will be produced in the crop year will be insufficient to provide for anticipated domestic consumption, commercial exports, programed food assistance commitments, disaster relief assistance and other emergency assistance, and a reasonable carryover at the end of the crop year. The Secretary of Agriculture with the concurrence of the Secretary of Commerce shall submit his findings to Congress together with a plan or plans to cope with the anticipated shortage."

ECONOMIC POLICY ACTIONS

SEC. 16. (a) Section 3 of the Export Administration Act of 1969, as amended by section 4 of this Act, is amended by adding at the end thereof the following new paragraph:

"(7) It is the policy of the United States to use export controls to secure the removal by foreign countries of restrictions on access to supplies (a) where such restrictions which have or may have a serious domestic inflationary impact, have caused or may cause a serious domestic shortage, or have or may have a serious adverse effect on employment in the United States, or (b) where such restrictions have been imposed for purposes of influencing the foreign policy of the United States. In effecting this policy, the President shall make every reasonable effort to secure the removal or reduction of such restrictions, policies or actions through international cooperation and agreement before resorting to the imposition of controls on the export of materials from the United States: *Provided*, That no action shall be taken in fulfillment of the policy set forth in this subsection to restrict the export of medicine and medical supplies."

(b) Section 4 of such Act, as amended by sections 3, 4, 9, and 10 of this Act, is amended by adding at the end thereof the following new subsection:

"(k) Before exercising the authority conferred by this Act to implement the policy set forth in section 3(7), the President shall—

"(1) request and receive from the Tariff Commission its views on the probable impact on the domestic economy of such exercise of authority: *Provided, however*, That such views are transmitted to the President within thirty days of the request therefor; and

"(2) consult with the appropriate committees of the Congress with respect to such exercise of authority."

Mr. STEVENSON. Mr. President, I move to reconsider the vote by which the bill was passed.

I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR DEBATE ON CLOTURE MOTION TOMORROW TO BEGIN AT 1:15 P.M.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the hour for the debate on the cloture motion tomorrow begin at 1:15 p.m. That would put the vote at approximately 2:30.

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

ORDER FOR ADJOURNMENT UNTIL 9:30 A.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 9:30 a.m. tomorrow.

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

ORDER FOR RECOGNITION OF SENATOR METZENBAUM TOMORROW

Mr. METZENBAUM. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized under the standing order on tomorrow, the Senator from Ohio (Mr. METZENBAUM) be recognized for not to exceed 15 minutes.

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

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW FOR CONSIDERATION OF PUBLIC WORKS APPROPRIATION BILL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the Senator from Ohio (Mr. METZENBAUM) completes his statement, there be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements limited therein to 5 minutes each; at the conclusion of which the Senate proceed to the consideration of the Public Works, AEC appropriation bill.

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

ANNOUNCEMENT OF HEARINGS ON IMPEACHMENT RULES OF THE SENATE

Mr. ROBERT C. BYRD. Mr. President, for the information of the Senate, and as chairman of the Subcommittee on Standing Rules of the Senate of the Committee on Rules and Administration, hearings will be conducted beginning on Monday of next week at the hour of 10 a.m., at which time Senators may appear before the subcommittee to deliver

JULY 2, 1974.

Hon. WALTER J. STOESSEL, Jr.,
U.S. Ambassador, U.S. Embassy,
Moscow, U.S.S.R.

DEAR MR. AMBASSADOR: I am writing with reference to the case of Simas Kudirka about whom, I am sure, you have received many inquiries.

I understand that Mr. Kudirka's mother has been issued a United States passport and I am writing to inquire whether any determination has been made regarding the possibility that her son, Simas Kudirka, is also a United States citizen. If he does not have a claim to United States citizenship, I would like to know whether Mrs. Kudirka has been advised to execute a visa petition in behalf of her son.

With kind regards,

Sincerely,

JOSHUA EILBERG,
Chairman.

DEPARTMENT OF STATE,
Washington, D.C., July 19, 1974.

Hon. JOSHUA EILBERG,
House of Representatives,
Washington, D.C.

DEAR MR. EILBERG: Ambassador Stoessel has asked that we reply to your letter of July 2 regarding the case of Simas Kudirka.

The Department of State deplores the tragic incident that led to the forced return of Mr. Kudirka to the Soviet Union and to his subsequent trial and imprisonment there. The United States Government did intercede with Soviet authorities on Mr. Kudirka's behalf. Unfortunately, our efforts were rejected by the Soviets as attempts to interfere in their internal affairs. Subsequent governmental efforts to assist Mr. Kudirka through the International Red Cross were also unsuccessful.

We have followed the circumstances of Mr. Kudirka's imprisonment as closely as possible. Our information indicates that he is now serving a ten-year sentence at the Perm Labor Camp in Western Siberia.

The Department recently learned that Mr. Kudirka's mother, Maria Sulskiene, nee Kudirka, was born in the United States. As the result of an interview with her at the US Embassy in Moscow May 17, it was determined that she was an American citizen, and she was issued a US passport that day.

Mrs. Sulskiene is now seeking to obtain a Soviet exit visa to return to the United States. The Embassy has brought our interest in her case to the attention of the Soviet Ministry of Foreign Affairs.

On the basis of a second interview with Mrs. Sulskiene on July 13, our Embassy in Moscow determined that Simas Kudirka derived US citizenship from his mother and, in the absence of contrary evidence, has retained US citizenship. With our concurrence, the Embassy accepted and approved Mrs. Sulskiene's application on behalf of her son for his registration as a US. citizen.

Our Embassy has requested consular access to Mr. Kudirka, and we are now considering how best to protect his interests as an American citizen.

I hope you will call on me if you have further questions on this matter.

Cordially,

LINWOOD HOLTON,
Assistant Secretary for Congressional Relations.

COMMITTEE ON THE JUDICIARY,
Washingtno, D.C., August 12, 1972.

Hon. HENRY A. KISSINGER,
Secretary, Department of State,
Washington, D.C.

DEAR MR. SECRETARY: This is to request your urgent assistance with regard to the plight of Simas Kudirka, who is presently serving a ten-year sentence in the Perm Labor Camp in Western Siberia.

When it came to my attention that the mother of Mr. Kudirka was a U.S. citizen, I wrote to the U.S. Ambassador in Moscow, the Honorable Walter J. Stoessel, Jr., inquiring as to whether Mr. Kudirka derived U.S. citizenship from his mother.

Subsequent to this letter, Mr. Kudirka's mother, Maria Sulskiene, was interviewed at the U.S. Embassy on July 13, 1974 and at that time it was determined that Mr. Kudirka had derived and retained U.S. citizenship.

In response to my letter, the State Department has indicated that preliminary steps had been taken by our U.S. Embassy in Moscow to intercede on behalf of Mr. Kudirka and his mother. However, I would respectfully request you to personally intervene with the Soviet government in an effort to obtain a Soviet exit visa for Mr. Kudirka's mother and consular access to Mr. Kudirka.

I would appreciate a prompt response to this request.

With kind personal regards,

Sincerely,

JOSHUA EILBERG,
Chairman.

AMENDMENT TO THE EXPORT ADMINISTRATION ACT

The SPEAKER. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 5 minutes.

Mr. VANIK. Mr. Speaker, I intend to offer tomorrow an amendment that would establish a new subsection in the Export Administration Act to require the licensing of police-type equipment prior to their export to foreign countries. The amendment is consistent with the policy of the act to use export controls "to the extent necessary to further significantly the foreign policy of the United States and to fulfill its international responsibilities."

Hopefully, the administration will use this authority to deny licenses to countries which would use American-made equipment to maintain a police state and to suppress human rights.

Since there can be strong disagreement between the administration and the Congress on which countries should be receiving sophisticated police equipment, the amendment gives the Congress an opportunity to review the licensing procedure.

The third paragraph would permit the administration to exempt certain classes of equipment and certain countries from the congressional review process. Obviously, we do not want to burden the administration or the Congress with export approval of every police raincoat or whistle. Certainly, we do not have to worry about shipments to countries like Canada or Australia.

This amendment—cosponsored by over 50 Members of the House—was developed in response to the news that a number of American companies planned to attend a Moscow trade fair on August 4 through August 28. This trade fair is specializing in the lastest police technology. Some 25,000 Soviet police and KGB would be attending—and some of them apparently planned to buy American equipment—equipment which is considered to be the most advanced and sophisticated in the world—equipment which has been indirectly developed through the Department of Justice's Law Enforcement Assistance Administration.

Mr. Speaker, we are not talking about police whistles or walkie-talkies. The goods which were about to be sold included such things as voice print identification equipment, psychological stress analysis equipment—commonly known as lie detectors—mobile crime labs, gas maks, bulletproof vests, helmets and shields, shotguns, stun guns, dart guns, riot guns, and straitjackets.

We are talking about infared and ultra violet ray films—to take pictures of people at night. We are talking about fingerprint equipment, ballistics labs, metal detecting and other searching equipment, and foolproof identification document equipment. We are talking about sap gloves containing 6 ounces of powdered lead, which—to quote from the catalog of the company selling this device—"gives weight to your authority."

Some of this equipment is beyond anything ever dreamed of in the novel "1984." Much of this merchandise has potential military value. It would be immoral and unconscionable for equipment stamped "made in America" to be used as tools of oppression in Russia and Eastern Europe. We know from Solzhenitsyn how such tools can be used. Even his latest book was published only because his assistant had been interrogated for five straight days, forced to confess the location of his manuscript and then driven to suicide.

Fortunately, as a result of congressional inquiries and public outrage, the Secretary of State expressed his concern about U.S. participation in the trade fair and the Secretary of Commerce, on July 19, ordered police equipment sales to Communist countries placed under export control. Secretary Dent and Secretary Kissinger are to be commended for their action in this case.

However, I would like to proceed with the amendment for two reasons.

First, since the Department of Commerce's regulations could be withdrawn at any time, I believe the Department should have statutory support and that the Gongress should have oversight of administration of these export controls.

Second, my amendment does not relate solely to Communist countries. It is an amendment which would permit the administration or the Congress to raise issues about the shipment of equipment to police States. Should equipment stamped "made in America" be used to suppress the majority population by certain African governments, for instance? What about South American governments which torture priests and others in the most sadistic manner? What about the situation in Korea? What about the tiger cages in South Vietnam? What about the treatment of Americans in certain foreign jails?

The amendment I am offering would allow the administration to apply pressure and express concern over developments in these non-Communist countries. If the administration failed to act in a clear-cut situation, the Congress could debate a resolution of disapproval. Obviously, this would seldom arise, but it provides us the opportunity to act.

The amendment is consistent with our obligations under the United Nations Charter "to promote universal respect for and observance of human and fundamental freedoms." It is consistent with everything this Nation stands for—for assistance to oppressed people everywhere.

I urge the adoption of the amendment, the language of which is as follows:

AMENDMENT OFFERED BY MR. VANIK TO H.R. 15264, AS REPORTED

On page 3, immediately after line 7, insert the following new subsection:

"(b) Section 4 of the Export Administration Act of 1969 (50 U.S.C. App. 2403) is amended to include the following new subsection:

"(f) (1) The Secretary of Commerce, after consulting with the Secretary of the Treasury, the Attorney General, and the Secretary of State, shall establish regulations for the licensing of exports of all police, law enforcement, or security equipment manufactured for use in surveillance, eavesdropping, crowd control, interrogations, or penal retribution.

"(2) Any license proposed to be issued under this subsection shall be reviewed by the Attorney General and shall be submitted to the Congress. The Congress shall have a period of sixty calendar days of continuous session of both Houses after the date on which the license is transmitted to the Congress to disapprove the issuance of a license by the adoption in either House of a resolution disapproving the proposed license.

"(3) The Secretary of Commerce, with the concurrence of the Secretary of the Treasury, the Attorney General, and the Secretary of State, may by regulation exempt individual countries and specific categories of police law enforcement, or security equipment from the congressional review and disapproval authority set forth in paragraph (2) if he finds and determines export of the equipment would not threaten fundamental human and civil liberties."

On page 3, line 8, strike "(b)" and insert "(c)".

AID FOR VIETNAM

The SPEAKER. Under a previous order of the House, the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 5 minutes.

Mr. MONTGOMERY. Mr. Speaker, a Washington Post editorial yesterday pointed out that "it would be grievously unfair" for the United States to withhold military assistance from South Vietnam while that country is still locked in a struggle with North Vietnam. It is impossible to tell who is responsible for the renewed fighting, but it is certain that an end to American aid would leave the South Vietnamese at the mercy of the North. Continued American aid is a life or death matter to South Vietnam. I insert the full text of the editorial:

AID FOR VIETNAM

Congress, in its deliberations on aid for South Vietnam, is shying away from the central issue: What is the American interest? For if it matters to the United States whether Saigon fares well or ill, one aid strategy is dictated; and if not, another. To proceed as though the level and kind of aid has no real connection to the goal of American policy is to fly blind.

Like many Americans, we had hoped that the Paris Agreement of 1973 would launch the contending Vietnamese on the path to eventual reconciliation. This would have resolved the America dilemma. But it has not happened. Hanoi and Saigon are still fighting; it looks as though they will for a long time. If one side or the other were clearly at fault, that would be one thing. We accept, however, the judgment of a new Senate Foreign Relations Committee staff study: "Lack of respect for the Agreement is so widespread that it is impossible to apportion responsibility for the continued fighting."

This bears directly on congressional efforts to cut aid. It would be grievously unfair in our view for the United States—by withholding aid—to penalize Saigon alone for a breakdown which is properly the responsibility of both Vietnamese sides. Nor does withholding aid become any fairer in these circumstances when it is described as a way to induce President Thieu to honor the Paris Agreement and to make concessions to his Vietnamese rivals. We have leaned toward this view ourselves in the past. But looking at the record of the last 20 months, we have had second thoughts. We now conclude that it is wrong to try to make Saigon alone observe the agreement, to its political detriment, when Hanoi is under no similar pressure to observe its side of the agreement. Unilateral pressure, furthermore, precludes a new American approach to Moscow and Peking—an approach we believe should be made—to reduce further all outsiders' roles, especially as arms suppliers.

The only correct basis for phasing out aid, we now believe, is a determination that it no longer is important to the United States what happens in South Vietnam. A powerful case for this can be made: the United States has invested an immense amount of blood, treasure and prestige in Vietnam, won that country the opportunity to fend for itself, and now has its own good reason to turn aside. But if this determination is to be made, we Americans owe to ourselves—and to the Vietnamese and to others elsewhere who rely upon us—to make it openly. To pledge fidelity but to reduce our support progressively or even precipitately is to undermine both interest and honor. If the Congress in its fatigue or wisdom—whatever the mix—is to pare aid this year and to threaten to cut even more next year, it should have the courage to announce that it no longer considers the outcome in Vietnam as a matter of American consequence. To cut aid while claiming that the cut will actually improve Saigon's chances of securing its own salvation is doubletalk. To cut aid while declaring that the people of South Vietnam will benefit from the new policies thereby forced upon President Thieu is at best, speculation; in our view, it is too flimsy a foundation for policy.

The alternative approach is, of course, to acknowledge a continuing interest in the fate of Saigon and to act accordingly on aid. This is the course we have come to favor, after having inclined the other way during the past 20 months. What has persuaded us to change our view is largely the prime new fact that a mutually acceptable political solution has seemed progressively to recede from reach. We think that Americans would not like to live in a world where a small nation that had strong reason to rely on American steadfastness has been let down. In that sense, the American "commitment" to Saigon is open-ended. To hold otherwise is to advertise one's own unreliability. It can be argued, with all too much merit, that the assurance of American support lets Saigon ignore American efforts to induce changes in its domestic policies and in its attitude towards Hanoi. The answer—surely worth testing—is that Saigon may become more responsive to American advice as it becomes less fearful to American abandonment.

Aid to Vietnam should be offered on the basis of what dollar levels and what forms of aid (economic or military) and what particular programs will enable Saigon to tend effectively to its citizens' security and welfare. This formulation admittedly leaves many loose ends, many unresolved arguments, many uncertainties. There is in the United States an evident shortage of economic and political resources to assure success. And whether the Thieu government can adequately respond is a question bound to trouble any realistic observer. We are convinced, nonetheless, that the principle of American steadfastness deserves to be honored as best we can, even though the particular government benefitting from its application in this instance is far from a model regime. There is where the overriding American interest lies.

PERSONAL STATEMENT

The SPEAKER. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 5 minutes.

Mr. BINGHAM. Mr. Speaker, on June 27, I missed rollcall No. 338; on July 9, I missed rollcall Nos. 366 and 367; and on August 2, I missed rollcall Nos. 436 and 437. On each occasion, had I been present, I would have cast my vote "yea."

U.N. MEMBERSHIP FOR GUINEA-BISSAU

The SPEAKER. Under a previous order of the House, the gentleman from Michigan (Mr. DIGGS) is recognized for 5 minutes.

Mr. DIGGS. Mr. Speaker, the United Nations Security Council is expected to meet to consider the Republic of Guinea-Bissau's application for United Nations membership this afternoon. Guinea-Bissau is the former Portuguese colony in West Africa which declared its independence from Portugal on September 24, 1973. Since that time, over 90 countries have recognized the new state's independence including the nine members of the European Economic Community (EEC).

I have learned that the White House has announced today its intention to support Guinea-Bissau's U.N. membership in today's Security Council meeting.

Following is the text of a telegram which I sent last Friday to Secretary of State Henry Kissinger, urging the active support by the United States of Guinea-Bissau's U.N. application:

HON. HENRY A. KISSINGER,
Secretary of State:

Strongly urge USG to actively support Guinea-Bissau's application for admission to United Nations.

It is quite clear that Guinea-Bissau, now recognized by 86 countries, fulfills prerequisites for statehood according to international law. Existence of a politically-organized community and machinery of state, substantial PAIGC control over Guinea-Bissau, and the wholehearted support of PAIGC by population is evident.

In view of USG's overriding foreign policy, economic and geopolitical interests in independent, majority-ruled Africa, USG can afford to do no less than recognize State of Guinea-Bissau, and play leadership role in support of that state's admission to U.N. Abstention on such issue with clear support of most of U.N. membership is inimical to U.S. interests, particularly since Portugal's U.N. representative has already stated that Portugal would be happy to sponsor Guinea-Bissau's U.N. entry.

CHARLES C. DIGGS, JR.,
Chairman, Subcommittee on Africa

The motion was agreed to.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

GENERAL LEAVE

Mr. McFALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include pertinent material and tables, on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

CORRECTION OF RECORD

Mr. McFALL. Mr. Speaker, there is an error in the printing of the conference report on the bill H.R. 15405 in the CONGRESSIONAL RECORD.

On page H7968, in the third column, signatures of the managers on the part of the House, the gentleman from Massachusetts (Mr. CONTE) is shown excepting to "amendments 20 and 30."

This should read "amendments 29 and 30."

Mr. Speaker, I ask unanimous consent that the RECORD be corrected to reflect the change.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR COMMITTEE ON RULES TO HAVE UNTIL MIDNIGHT, WEDNESDAY, AUGUST 14, 1974, TO FILE A PRIVILEGED REPORT

Mr. SISK. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tomorrow night to file a privileged report.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 16168, AUTHORIZING APPROPRIATIONS FOR THE DEPARTMENT OF STATE

Mr. SISK, from the Committee on Rules, reported the following privileged resolution (H. Res. 1311, Rept. No. 93–1281), which was referred to the House Calendar and ordered to be printed:

H. RES. 1311

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16168) to authorize appropriations for the Department of State, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of the bill H.R. 16168, the Committee on Foreign Affairs shall be discharged from the further consideration of the bill S. 3473, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and insert in lieu thereof as one amendment in the nature of a substitute the texts of the bills H.R. 16168 and H.R. 15046 as passed by the House.

PROVIDING FOR CONSIDERATION OF H.R. 16032, AUTHORIZING SECRETARY OF THE TREASURY TO CHANGE ALLOY AND WEIGHT OF 1 CENT PIECE, AND AMENDING THE BANK HOLDING ACT AMENDMENTS OF 1970, AND AUTHORIZING GRANTS TO EISENHOWER COLLEGE

Mr. SISK, from the Committee on Rules, reported the following privileged resolution (H. Res. 1312, Rept. No. 92–1282), which was referred to the House calendar and ordered to be printed:

H. RES. 1312

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 16032) to authorize the Secretary of the Treasury to change the alloy and weight of the one-cent piece and to amend the Bank Holding Act Amendments of 1970 to authorize grants to Eisenhower College, Seneca Falls, New York. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

PROVIDING FOR CONSIDERATION OF H.R. 12859, AMENDING THE FEDERAL AID HIGHWAY ACT OF 1973

Mr. SISK, from the Committee on Rules, reported the following privileged resolution (H. Res. 1313, Rept. No. 93–1283), which was referred to the House Calendar and ordered to be printed:

H. RES. 1313

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12859) to amend title 23, United States Code, the Federal-Aid Highway Act of 1973, and other related provisions of law, to establish a unified transportation assistance program, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Public Works now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and all points of order against sections 6, 7, and 8 of said substitute for failure to comply with the provisions of clause 7, rule XVI are hereby waived. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

EXPORT ADMINISTRATION ACT AMENDMENTS OF 1974

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1234 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 1234

Resolved, That upon the adoption of this resolution it shall be in order to move, clause 7 of rule XIII to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15264) to further amend and extend the authority for regulation of exports. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from California is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from Tennessee (Mr. QUILLEN), pending which I yield myself such time as I may consume.

Mr. Speaker, a reading of the resolution makes it clear that it provides for 1 hour debate on H.R. 15264, which would amend and extend the authority for the regulation of exports.

There is a waiver of points of order providing that all points of order are waived against clause 7, rule XIII, of the Rules of the House of Representatives. That deals with the matter of cost estimates which were not filed in line with the Rules of the House. Therefore, this resolution provides for a waiver in that case.

As indicated, this particular bill amends, and to a substantial extent broadens, the authority in connection with the control of exports from this country.

Mr. Speaker, in this particular instance I wish to commend the Committee on Banking and Currency, and particularly my good friend from Ohio (Mr.

ASHLEY) for the work that the committee has done in connection with this bill.

Mr. Speaker, I am here today urging the adoption of this resolution to provide for consideration of this bill.

However, Mr. Speaker, I want to make it clear at this point that I, of course, cannot support the bill in its present form. If, in fact, it is not amended, then I, of course, would vote against the bill.

I do support the rule, and as I say, urge the adoption of the resolution to permit a discussion of what I think is a very vital subject.

It is my opinion that we do need the Export Control Act and that there are considerations that should be taken up in connection with any further expansion of authority under the proposal.

I realize, of course, that there will be amendments offered of various kinds, as I understand. Also, I think the House will be faced, in consideration of this legislation, with certainly the need to extend at least the present act for the next 2 years, I would hope. However, as I have already indicated, there are, in my opinion, matters that are of grave concern to this country, particularly as they concern international trade and its possible effects upon our crediblity in the field of exports, especially in connection with foreign contracting and the manner of assurance given to countries to whom we will be selling from time to time.

These are all questions that I think we have a right to listen to. I think, too, that we should give the Committee on Banking and Currency an opportunity to discuss their findings in connection with the hearings.

I know, of course, that the gentleman from Ohio (Mr. ASHLEY) is prepared to do that. As I say, I would hope that those who are concerned, particularly in connection with raw products which we export in great quantity from this country, know that we can be substantially affected by the legislation. Therefore, those who are concerned, I think, certainly should be prepared to give a proper hearing to the committee to explain the reason for these changes.

There are some who feel, for example, that this legislation could be used in such a way as to literally become a price-fixing or price-ceiling mechanism. Certainly there is concern to that extent because for the first time certain matters in connection with pricing policy could be recognized in connection with a determination as to whether, in fact, there was the possibility of a scarcity; the impact, for example, upon pricing; the effects upon possible carryovers; what is a reasonable carryover? These are all matters that, as I say, I think are of grave concern. I think they particularly have to be weighed in the light of their possible effects upon our balance of payments and upon the fact of whether we will or can expect to have a favorable trade balance in this country.

Therefore, Mr. Speaker, I simply wanted to call the attention of the Members who are here to the fact that this is a vital and important piece of legislation, and one which I think all of us in this country have to be concerned about because of the possible impact upon the value of the dollar, upon our balance-of-trade payments, upon the implication of the extent to which such a vehicle might be used to reinstate price control in this country.

Therefore, Mr. Speaker, I would like to conclude by asking the House to approve the resolution and to permit the debate to proceed. At that time we can make such decision as, in the wisdom of the House, I am sure we will make.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

(Mr. QUILLEN asked and was given permission to revise and extend his remarks.)

Mr. QUILLEN. Mr. Speaker, the able gentleman from California (Mr. SISK) has explained thoroughly the provisions of the resolution.

I am concerned about the protection of American business and American labor when the bill is debated on the floor of the House. Whatever our opinions might be regarding the bill, I see no objection to proceeding with the debate and I see no objection to the rule.

Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. FINDLEY).

(Mr. FINDLEY asked and was given permission to revise and extend his remarks.)

Mr. FINDLEY. Mr. Speaker, I want to say "Amen" to everything the gentleman from California (Mr. SISK) has said about this bill.

If we will think back over the past year, I am sure a good many of us will realize that this bill to revise and extend the Export Administration Act has actually been on the House Calendar and its consideration delayed time and again. That was not just an accident. It reflected the deep concern on the part of the leadership of this body as to the effect of the amendments which are proposed in the legislation.

Even though this is the last item of business to be considered today, I hope no Member will make the wrong assumption, the assumption that this is of minor importance to the Nation. If we will think for just a moment about the importance of foreign trade, especially in these days when we are pinched for energy resources and depend so heavily on foreign sources for petroleum, we will recognize that fact.

In nonagricultural trade in the last fiscal year we had a deficit of more than $9 billion, but when we consider agricultural trade, we find we had a plus. We find a surplus to the extent of about $11.8 billion. Agriculture, in effect, provided the Nation with a $2.8 billion surplus in trade for the year. Think, for example, what the situation would be if we did not have the advantage of the agricultural trade surplus to help provide the wherewithal to bring the products we do need from overseas.

What will be the effect of the language in this bill if we adopt it without amendment? I draw the Members' attention to the language on page 2 of the bill, toward the bottom of the page. This is very general language, language which would give to the Secretary of Commerce the authority to impose export controls whenever he sees a "present or prospective" domestic inflationary effect. Now, what language could be broader than that?

It is small wonder that the agribusiness sector—and other leaders of our Nation view this with such concern, wondering just where this legislation would leave our Nation in dealing with the customers abroad who want to look to us as reliable suppliers of agricultural products.

Mr. Speaker, it is my understanding that the gentleman from California (Mr. HANNA) will offer an amendment in the nature of a substitute, which will have the effect of taking out all of the amendatory changes in this bill and simply extend for 2 years the Export Administration Act which is now on the books. In my view, that is the wise course to take. The present statute is understood by business interests of the Nation. They know what to expect; they know what they can do and what they cannot do.

In my opinion, it does deal with the need adequately to protect our strategic interests.

I understand the gentleman from Georgia does have an amendment or perhaps two amendments to offer in that field, but as I understand it, the defect here is more one of administration than of legislation language.

Mr. Speaker, I hope that my colleagues in this body will see fit to support the gentleman from California (Mr. HANNA) when he offers his amendment in the nature of a substitute.

Mr. ANDERSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. Mr. Speaker, I thank the gentleman from Illinois for yielding.

I want to congratulate the gentleman on the remarks he has just made. I would certainly like to associate myself with them.

The gentleman mentioned the very interesting fact that if we take into consideration the agricultural commodities that were exported last year, we find that what might have been a deficit in our merchandise balance of trade became, in fact, as he said, about an $11 billion surplus.

Would the gentleman not agree that that figure is probably equal to what our petroleum import bill was in 1973? In other words, in effect we were able to pay for those petroleum imports because of what we were able to do with regard to export of agricultural commodities.

Mr. FINDLEY. Yes; and let me speak in further comment on that point. If we can believe today's headlines, the requirements we will have for petroleum products abroad in the coming year will be far beyond those of this past year. What we ought to be doing is considering measures to strengthen confidence in the United States as a reliable source of supply, instead of voting legislation which puts reliability in doubt.

Mr. QUILLEN. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Iowa (Mr. MAYNE).

(Mr. MAYNE asked and was given

permission to revise and extend his remarks.)

Mr. MAYNE. Mr. Speaker, I thank the gentleman for yielding. I want to concur in the remarks made by the distinguished gentlemen from Illinois (Mr. FINDLEY and Mr. ANDERSON), alerting the House to the danger that this bill as presently drawn is very apt to seriously cripple American agricultural exports and thereby endanger our balance of trade position which is so heavily dependent upon the $11 billion favorable agricultural trade balance.

Mr. BLACKBURN. Mr. Speaker, will the gentleman yield?

Mr. MAYNE. I yield to the gentleman from Georgia.

Mr. BLACKBURN. Mr. Speaker, I appreciate the gentleman yielding, because the gentleman from Illinois earlier pointed out the fear that he expressed by reason of the language in the present bill which changes the existing language dealing with the sale of agricultural products abroad.

I would like to call the attention of the Members to the fact that the amendment that I propose to offer will retain the present language in the law which gives the Secretary of Agriculture veto power over exports cntrols over agricultural products.

You will recall several years ago when they stopped the exportation of cowhides, and there were some other agricultural products, we passed a bill to deal with that specific problem. My amendment retains the language we adopted several years ago. I believe it will protect the gentleman from Iowa.

Mr. MAYNE. The language which is so very dangerous in the bill as drawn appears at the top of page 2, the three lines which state:

(b) Section 3(2)(A) of the Export Administration Act of 1969 is amended by striking out "and" inserting in lieu thereof "or" and by striking out "abnormal".

This makes it much more likely that exports will be limited because it gives much broader latitude for such limitations. Under the present act, which is, I think, understood by all, section 3(2)(A) establishes as a policy of using export controls to protect the domestic economy only when two things are shown, and both must be shown: First, that there is an excessive drain of scarce materials and, second, to reduce the serious inflationary impact of abnormal foreign demand.

Therefore there are these two criteria which must be met, and with regard to the second criterion, serious inflation must result from abnormal foreign demand.

The committee bill would amend this language under which we have been operating by substituting the word "or" for "and", so you only have to have one of these criteria instead of two, and then it strikes the word "abnormal". This would in effect permit imposition of export controls if either the short supply or foreign demand criteria were met. It would also loosen the second criterion by permitting imposition of export controls if serious inflation results from foreign demand rather than an abnormal or unusual foreign demand situation.

I, therefore, at the appropriate time will offer an amendment to strike this offending language, which seems to me would greatly endanger our agricultural exports. The damage which was done a year ago, with an unwise embargo on soybean exports for some 4 days, has not yet been completely cured. We have not completely recovered from that because the Japanese and other customers who had come to look upon us as a reliable source of soybeans and other agricultural exports were given reason to wonder whether we would keep our commitments, whether we were reliable. It greatly disrupted the orderly marketing of agricultural exports which are important, not just to the farmers of our country, but are important as a great national asset which is the one thing which has been keeping our balance of trade in a favorable balance. This will be brought up at an appropriate time. I do not oppose the rule.

Mr. Speaker, I reserve the balance of my time.

Mr. SISK. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania (Mr. DENT).

(Mr. DENT asked and was given permission to revise and extend his remarks).

Mr. DENT. Mr. Speaker, this act, of course, has to be studied over its long years of operation before one can really make a decision. I have never opposed it before. I think the time has come to do many new things in this country. I think there are many changes that will have to be made. We keep going along the same old road, tooting the same old horn, making the same old turns, thinking we will get to some different place, but we always end up at the same destination—more unemployment, less standing of the American dollar in the world market, inflation beyond the dreams of any person 10 years ago, shortages at home of the most common type of products that in the early beginings of this country were the first things we were able to produce, and now with all of our technology we are not able to produce. Why? We have, without a doubt, the most antiquated, the most bankrupt, and the most illogical philosophy of trade that was ever foisted upon the Nation by its leaders and by those who are firmly and first interested in the welfare of their individual concerns, with little or no rhyme or reason or purpose to the policies and philosophies or practices they indulge in.

For instance, ever since the beginning of this great Republic, every President, until this modern type of international thinking came into play starting back in 1934, and even some of those after that date, has warned against one single item that has been ignored by our chief administrators and executives and the Congress of the United States willy-nilly, because their ears are closed and their eyes are blinded to the facts and the truth of everyday life.

It was put best I believe by Franklin D. Roosevelt. Although he has been drummed into my ears and into the ears of the American people as being a great free trader, the one warning he gave that has been ignored and which is being ignored today and which is ignored each time there is anything dealing with foreign trade that comes up on this floor is this. He said:

The exact science of foreign trade must never be blended with the inexact science of foreign policy.

And what is the warp and woof of this legislation? Let me read it to the Members: The act authorizes the regulation of exports for three purposes: national security, short supply—and that is commendable and right, but what is the overwhelming interest that is given to these two? These are based then upon the third premise, which is the destructive note in the entire trade of the United States with foreign countries, and that is the third premise, foreign policy.

Foreign policy can never be tracked down or trailed. We cannot outline it. Every man and woman in this room knows we cannot because it changes like the will-of-the-wisp and cannot be traced upon a graph that says tomorrow it shall be thus and the day after it shall be thus. We know it and everyone knows it.

The strategic materials of this country are now in a very dangerous situation on those particular items that this Congress at an earlier date indicated as strategic when we learned in our fight for our very existence that unless we provided at least a 5-year supply of those strategic materials and, there were 23 minerals and many nonmineral materials and products, we would in case of another world conflagration find ourselves in position of being unable to catch up in time to save this Nation and its people.

But what have we done by Executive order? We have reduced, out of the 91 total strategic materials and products that have been required under the strategic stockpiling of this Nation, reduced 54 of them to the ultimate goal to be reached within the 3-year period from hence, reduced to zero those products that we cannot do without.

I say to the Members, go ahead and vote. Go ahead and vote because that has been the habit. We do not stop to think. When people tell us we are a bad Congress, in this respect we are a bad Congress. We are not looking at the past and learning a lesson from it. We walk right into the future and walk more dangerously and more closely to the precipice of disaster than at any time in our history. This Congress will go down in history as the worst Congress in the whole time of our Nation unless we at this moment quit giving out the same old cliches and start looking at truth.

We have the greatest manpower unemployment at any time in our history. No one can tell me it is any better now than it was in the Depression because I went through the Depression. I was a young married man with a child when that Depression hit. I knew what it was. But those of us who were poor and working in plants at that time were not really poor because we really owned something. We had a table and a stove and a chair and a bed. We owned them. But today who owns anything? Hardly any Ameri-

can family owns it own refrigerator and few if any of the younger people own their own homes. They are strapped with $30,000 or $40,000 or $50,000 homes and they are paying 8 to 12 percent interest. Can the Members imagine what a depression will do to that group? It will disillusion these young people and our middle aged and our older Americans who have no more than a few pennies left out of their pay checks no matter how hard they try to make them stretch.

Inflation stops us. Why? Because we are tied to the cult of international trade with or without rhyme and with or without justice and with or without reason.

We talk about agricultural products. Why do we suffer so much today because of a lack of agricultural products? We are suffering so much that now we have to pay $1.59 for 2 pounds of navy beans and $2.49 for 10 pounds of potatoes. Why? The same farmers produce the agricultural products who produced them in earlier years. What causes that increase? It is trade, international trade.

I include the following:

SCHEDULES OF ELIMINATION OF STOCKPILES, THE RESULT OF EXPORT CONTROLS—ADMINISTRATION ACTIONS

SUMMARY OF GOVERNMENT INVENTORIES, OBJECTIVES, EXCESSES AND BALANCE OF DISPOSAL AUTHORIZATIONS—BASIC STOCKPILE MATERIALS, JUNE 30, 1973

[Market value in millions]

Commodity	Unit	Objective	Total inventory [1]	Market value [2]	Uncommitted excess [3]	Market value [2]	Balance of disposal authorization
1. Aluminum	Short ton	0	965,140	$482.6	965,140	$482.6	[4] 757,646
2. Aluminum oxide, abrasive grain	Short ton	17,200	50,905	15.8	33,705	10.4	0
3. Aluminum oxide, fused, crude	Short ton	0	352,332	47.6	352,332	47.6	103,237
4. Antimony	Short ton	0	43,421	62.1	43,421	62.1	2,721
5. Asbestos, amosite	Short ton	0	58,045	10.0	53,045	10.0	39,645
6. Asbestos, chrysotile	Short ton	1,100	11,739	5.9	10,639	5.3	783
7. Bauxite, metal grade, jamaica	Long dry ton	4,638,000	8,858,881	88.6	4,220,881	42.2	1,370,077
8. Bauxite, metal grade, surinam	Long dry ton	0	5,300,000	58.3	5,300,000	58.3	0
9. Bauxite, refractory	Long calcined ton	0	173,000	10.6	173,000	10.6	0
10. Beryl ore	Short ton	0	17,988	6.4	17,988	6.4	0
11. Beryllium copper master alloy	Pound	0	14,773,731	39.9	14,773,731	39.9	0
12. Beryllium metal	Short ton	88	229	32.1	141	19.7	0
13. Bismuth	Pound	95,900	2,100,061	10.2	2,004,161	9.8	1,061
14. Cadmium	Pound	4,446,500	8,595,053	32.0	4,088,553	15.3	2,535,053
15. Castor oil:							
(a) Castor oil	Pound	0	0	0	0	0	0
(b) Sebacic acid	Pound	0	5,009,697	7.9	5,009,697	7.9	0
16. Chromite, chemical grade	Short dry ton	8,400	568,834	17.0	560,434	16.8	318,834
17. Chromite, metallurgical	Short dry ton	444,710	3,438,832	114.5	2,994,122	92.6	930,539
18. Chromium, ferro, high carbon	Short ton	11,476	402,694	185.2	391,218	180.0	0
19. Chromium, ferro, low carbon	Short ton	0	318,893	223.2	381,893	223.2	0
20. Chromium, ferro, silicon	Short ton	0	58,356	21.8	58,356	21.8	0
21. Chromium, metal	Short ton	0	7,380	20.4	7,380	20.4	3,605
22. Chromite, refractory	Short dry ton	54,000	1,111,201	34.2	1,057,201	32.5	711,241
23. Cobalt	Pound	11,945,000	63,916,014	191.1	51,971,014	156.3	25,716,013
24. Columbium concentrates	Pound	0	5,208,734	9.7	5,208,734	9.7	3,420,198
25. Columbium carbide powder	Pound	16,000	21,372	.4	5,372	.1	1,372
26. Columbiaum, ferro	Pound	748,000	930,000	2.7	182,000	.5	0
27. Columbiaum, metal	Pound	36,000	44,851	.5	8,851	.1	0
28. Copper:							
(a) Copper oxygen free, high conductivity	Short ton	0	60,112	76.9	60,112	76.9	0
(b) Other	Short ton	0	191,480	229.8	191,480	229.8	0
29. Cordage fibers, abaca	Pound	0	25,000,000	6.7	25,000,000	6.7	25,000,000
30. Cordage fibers, sisal	Pound	0	103,797,797	22.3	103,797,797	22.3	103,797,797
31. Diamond dies, small	Piece	7,900	25,473	1.0	17,573	.7	0
32. Diamond, industrial, crushing bort	Carat	0	40,217,479	85.3	40,217,479	85.3	[4] 16,517,479
33. Diamond, industrial, stones	Carat	0	23,161,632	174.2	23,161,632	174.2	3,161,634
34. Feathers and down	Pound	1,938,000	2,411,380	9.7	473,380	1.9	[4] 2,411,380
35. Fluorspar, acid grade	Short dry ton	0	890,000	73.2	890,000	73.2	0
36. Fluorspar, metallurgical grade	Short dry ton	159,000	411,788	28.2	252,788	17.3	0
37. Graphite, natural, ceylon	Short ton	3,100	5,499	1.2	2,399	0.5	0
38. Graphite, natural, malagasy	Short ton	8,200	17,939	4.4	9,739	2.4	83
39. Graphite, natural, other than C & M crystalline	Short ton	0	2,802	0.4	2,802	0.4	0
40. Iodine	Pound	0	8,011,814	17.4	8,011,814	17.4	0
41. Jewel bearings	Piece	62,740,000	61,319,811	20.0	0	0	0
42. Lead	Short ton	65,100	1,007,666	332.5	942,566	311.0	477,666
43. Manganese, battery grade, natural ore	Short dry ton	10,700	308,350	23.8	297,650	22.9	173,350
44. Manganese, battery grade, synthetic dioxide	Short dry ton	0	15,421	7.2	15,421	7.2	13,521
45. Manganese ore, chemical grade, type A	Short dry ton	12,800	146,586	11.7	133,786	10.7	111,914
46. Manganese ore, chemical grade, type B	Short dry ton	12,800	100,238	8.0	87,438	7.0	65,238
47. Manganese ore, metallurgical	Short dry ton	750,500	6,447,584	158.0	5,697,084	134.8	3,841,984
48. Manganese, ferro, high carbon	Short ton	200,000	1,153,661	206.5	953,661	170.7	553,661
49. Manganese, ferro, low carbon	Short ton	0	0	0	0	0	0
50. Manganese, ferro, medium carbon	Short ton	10,500	28,921	11.6	18,421	7.4	0
51. Manganese, silicon	Short ton	15,900	23,574	5.3	7,674	1.7	0
52. Manganese metal, electrolytic	Short ton	4,750	20,083	13.0	15,333	9.6	5,783
53. Mercury	Flask	42,700	200,105	51.2	157,405	40.3	0
54. Mica, muscovite block, stained and better	Pound	1,600,000	10,817,815	41.5	9,217,815	31.1	5,632,415
55. Mica, muscovite film, 1st and 2d qualities	Pound	413,000	1,469,166	16.5	1,056,166	11.5	103,321
56. Mica, muscovite splittings	Pound	2,200,000	34,013,340	39.1	31,813,340	36.4	15,013,340
57. Mica, phlogopite block	Pound	51,000	153,519	0.05	102,519	0.02	102,519
58. Mica, phlogopite splittings	Pound	200,000	4,160,546	5.0	3,960,546	4.8	3,210,546
59. Molybdenum:							
(a) Molybdenum disulphide	Pound	0	23,250,426	40.0	23,250,426	40.0	6,135,426
(b) Molybdenum, ferro	Pound	0	7,000,978	15.5	7,000,978	15.5	0
(c) Molybdenum oxide	Pound	0	11,050,177	21.2	11,050,177	21.2	450,177
60. Nickel	Short dry ton	0	0	0	0	0	0
61. Opium							
(a) Opium, gum	Pound	0	102,088	13.4	102,088	13.4	0
(b) Opium, salt	Pound	0	39,514	8.3	39,514	8.3	0
62. Platinum group metals, iridium	Troy ounze	1,800	17,172	3.8	15,372	3.4	184
63. Platinum group metals, palladium	Troy ounze	328,500	1,254,994	95.4	926,494	70.4	0
64. Platinum group metals, platinum	Troy ounze	187,500	452,645	69.0	265,145	40.4	0
65. Pyrethrum	Pound	0	0	0	0	0	0
66. Quartz crystals	Pound	209,000	4,120,143	47.3	3,911,143	44.9	3,800,143
67. Quinidine	Ounce	1,059,000	1,800,356	6.0	741,356	2.5	0
68. Quinine	Ounce	779,500	3,548,111	8.7	2,768,611	6.8	0
69. Rubber	Long ton	0	222,652	207.0	222,652	207.0	102,469
70. Rutile	Short dry ton	0	56,407	11.8	56,407	11.8	17,385
71. Sapphire and ruby	Carat	0	16,305,502	0.2	16,305,502	0.2	0
72. Shellac	Pound	0	0	0	0	0	0
73. Silicon carbide	Short ton	0	196,453	40.3	196,453	40.3	0
74. Silver (fine)	Troy Ounce	21,663,000	139,500,000	373.9	117,837,000	315.8	0
75. Talc, steatite block and lump	Short Ton	0	1,180	0.4	1,180	0.4	980
76. Tantalum carbide powder	Pound	2,900	28,688	0.5	25,788	0.4	0
77. Tantalum metal	Pound	45,000	201,133	6.5	156,133	5.1	0
78. Tantalum minerals	Pound	312,000	3,629,065	29.9	3,317,065	27.3	719,799
79. Thorium	Short ton	0	1,761	20.9	1,761	20.9	1,729
80. Tin	Long ton	40,500	249,021	1,220.2	208,521	1,021.7	43,400

Commodity	Unit	Objective	Total inventory [1]	Market value [2]	Uncommitted excess [3]	Market value [2]	Balance dispos authorizatic
81. Titanium sponge	Short ton	0	24,964	$94.7	34,964	$94.7	19,96
82. Tungsten carbide powder	Pound	0	2,032,833	13.5	2,032,833	13.5	132,83
83. Tungsten, ferro	Pound	0	2,140,912	9.6	2,140,912	9.6	2,140,91
84. Tungsten, metal powder, carbon reduced	Pound	0	716,910	3.2	716,910	3.2	170,56
85. Tungsten, metal powder, hydrogen reduced	Pound	0	1,297,821	6.4	1,297,821	6.4	101,96
86. Tungsten ores and concentrates	Pound	4,234,000	122,220,968	330.0	117,986,968	318.6	100,695,21
87. Vanadium:							
(a) Vanadium, ferro	Short ton	0	0	0	0	0	
(b) Vanadium pentoxide	Short ton	0	540	3.1	540	3.1	
88. Vegetable tannin extract, chestnut	Long ton	4,400	23,823	8.2	19,432	6.6	14,33
89. Vegetable tannin extract, quebracho	Long ton	0	180,647	63.7	180,647	63.7	130,04
90. Vegetable tannin extract, wattle	Long ton	0	29,724	10.1	29,724	10.1	20,22
91. Zinc	Short ton	202,700	797,114	328.9	594,414	245.2	237,11

[1] Total inventory consists of stockpile and nonstockpile grades and reflects uncommitted balance.
[2] Market values are estimated from prices at which similar materials are being traded; or in the absence of trading data, at an estimate of the price which would prevail in the market. Prices used are unadjusted for normal premiums and discounts relating to contained qualities or normal freight allowances. The market values do not necessarily reflect the amount that would be realized at time of sale.
[3] Uncommitted excess excludes the unshipped sales. Includes material for which congressional disposal authorization has been requested. The list of proposed stockpile disposal legislation fo the release of various materials is shown on p. 18.
[4] Committed for sale but undelivered under long-term contracts.
[5] Balance available due to rotation in order to prevent deterioration.

Mr. SISK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. McFALL). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. LANDGREBE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergent at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 387, nays 9, not voting 38, as follows:

[Roll No. 481]

YEAS—387

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Armstrong
Ashbrook
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Corman
Cotter
Coughlin
Crane
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Donohue
Dorn
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fisher
Flood
Flowers
Ford
Forsythe
Fountain
Fraser
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gude
Guyer
Hamilton
Hammer-schmidt
Hanley
Hanna
Hanrahan
Hansen, Wash.
Harrington
Harsha
Hastings
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Huber
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Landgrebe
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
Luken
McClory
McCloskey
McCormack
McDade
McEwen
McFall
McKay
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Mills
Minish
Mink
Minshall, Ohio
Mitchell, Md.
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nelsen
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Powell, Ohio
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Steiger, Wis.
Stokes
Stratton
Stubblefield
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Towell, Nev.
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, Tex.
Zablocki
Zion
Zwach

NAYS—9

Conlan
Foley
Gross
Haley
McCollister
Scherle
Smith, Iowa
Snyder
Young, S.C.

NOT VOTING—38

Ashley
Blatnik
Brasco
Brinkley
Broyhill, Va.
Carey, N.Y.
Collier
Conyers
Davis, Ga.
Diggs
Dingell
Dulski
Fish
Flynt
Frelinghuysen
Gray
Gubser
Gunter
Hansen, Idaho
Hawkins
Hébert
Jones, Tenn.
Landrum
McKinney
McSpadden
Murphy, N.Y.
Passman
Podell
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Stephens
Stuckey
Thornton
Widnall
Williams
Young, Ga.

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Ashley.
Mr. Rooney of New York with Mr. Reid.
Mr. Dingell with Mr. Gubser.
Mr. Hawkins with Mr. Brinkley.
Mr. Carey of New York with Mr. Murphy of New York.
Mr. Passman with Mr. Stuckey.
Mr. Young of Georgia with Mr. Hansen of Idaho.
Mr. Stephens with Mr. Broyhill of Virginia.
Mr. Dulski with Mr. Collier.
Mr. Flynt with Mr. McSpadden.
Mr. Diggs with Mr. Fish.
Mr. Gunter with Mr. Frelinguysen.
Mr. Jones of Tennessee with Mr. McKinney.
Mr. Podell with Mr. Widnall.
Mr. Rarick with Mr. Thornton.
Mr. Landrum with Mr. Robison of New York.
Mr. Davis of Georgia with Mr. Blatnik.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ASHLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 15264) to further amend and extend the authority for regulation of exports.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Ohio.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House

on the State of the Union for the consideration of the bill H.R. 15264, with Mr. GIBBONS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Ohio (Mr. ASHLEY) will be recognized for 30 minutes, and the gentleman from Georgia (Mr. BLACKBURN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. ASHLEY).

Mr. ASHLEY. Mr. Chairman, I yield myself such time as I may consume.

(Mr. ASHLEY asked and was given permission to revise and extend his remarks.)

Mr. ASHLEY. Mr. Chairman, the Export Administration Act of 1969 authorizes curtailment or prohibition of exports from the United States of any articles, materials, or supplies, including technical data, in accord with policy declarations specified in section 3 of the act—short domestic supply, foreign policy, and national security.

Continuing authority to administer export controls is needed to carry out national objectives under all three of these statutory policy purposes. First, we still need to control exports of commodities and technical data in the interest of U.S. national security. Although over the past few years we have experienced improved relations with Eastern Europe and the People's Republic of China, we still cannot allow these countries uncontrolled access to our strategically oriented products and technology. Second, it is still in the interest of both national security and U.S. foreign policy to maintain strict embargoes on trade with North Vietnam and North Korea. Moreover, the foreign policy authority under the act is used to control exports of paramilitary items to the Middle East and to implement U.N. Security Council Resolutions concerning trade with Southern Rhodesia, South Africa, and the Portuguese African territories, and to control exports of crime control and detection equipment to the Communist countries.

Finally, the development of worldwide commodity shortages during the past 2 years has made it necessary for the United States to curtail exports of certain commodities in the interest of preserving domestic supplies. Export controls are currently in effect on ferrous scrap, petroleum and certain petroleum products. A broad range of other commodities have been in a very tight international demand/supply situation, and international shortages of these or other commodities can reasonably be expected to persist in greater or lesser degree for the foreseeable future. It is essential that we extend and amend the authority to impose controls when necessary to deal with critical short supply problems.

Having concluded that the authority contained in this act should be extended, we have also considered the need for certain amendments designed to equip us to deal more readily with the current domestic and international trade situation. Statutory authority such as this, which was initially enacted 25 years ago, needs to be updated periodically to reflect the changes in the world and in our Nation. H.R. 15264 incorporates amendments which I shall discuss in the order they appear in the bill.

Section 1(a) of the bill would add a new declaration indicating that it is the policy of the United States to use export controls "to the exent appropriate to retaliate against a nation or group of nations which have unreasonably restricted U.S. access to their supply of a particular commodity." Implementation of such a policy by the President should be confined to situations in which attempts have first been made to resolve the situation through international negotiations which have not proved productive, and only when such retaliatory action would be effective, when the nation or group of nations for which export controls might be applied would be otherwise unable to satisfy their needs for the restricted commodity from sources of supply other than the United States.

Section 1(B) of the bill would amend section 3(2)(A) of the Export Administration Act of 1969 to indicate that it is the policy of the United States to use export controls to the extent necessary to protect the domestic economy from the excessive drain of scarce materials or to reduce the serious inflationary impact of foreign demand.

The authority to control exports in fulfillment of this policy should be implemented within the context of an international economic policy that places long-term priority on the maintenance of an open international trading system with a minimum of governmental interference. A principal objective of monitoring and control activity, in addition to avoidance of shortages and mitigation of the effects of unavoidable shortages, should be deterence of disruptive speculative market behavior likely to give rise to a need for export controls. Consequently, the manner in which export licenses are allocated should function as a disincentive to disruptive market participation.

Export controls, when required, should be imposed in a timely manner, with consideration of the impact of the controls upon sectors of the domestic economy and upon traditional foreign purchasers. Embargoes should be avoided except in extraordinary circumstances and quantitative limitations should be imposed sufficiently early to effectively cushion adverse effects on the domestic economy and at a level that would minimize the disruptive effects on historical supply relationships.

Implementation of this policy should be applied on an equitable basis to any product or industry sector on the basis of objective economic criteria. To the extent feasible, the imposition of export limitations should be preceded by consultations with the principal importing countries affected by such limitations. Formal monitoring and international consultation with respect to the export of a given commodity should be based on: a large or rapid increase in exports, either actual or prospective, in relation to available domestice supplies; a large or rapid increase in domestic price levels that is attributable in part to export demand; the impact of existing short supply and/or inflationary pressures upon particular U.S. industries and the economy, and whether available data suggest a trend toward mitigation or exacerbation of current pressures.

Export limitations should be based on: the elasticity of supply for the product; the impact of actual or threatened shortages on the ability of affected sectors of the economy to maintain a reasonable level of operations, including the effects of such shortages on production, capacity, utilization, employment, and operating margins; the extent to which the unrestricted export of recyclable waste materials increases domestic dependence upon foreign source raw materials and products which are made from such materials and prompts the increased domestic use of energy for the production of goods from virgin materials.

Section 2 of the bill would amend existing law to provide that the Secretary of Commerce, in consultation with appropriate technical advisory committees, shall investigate which materials or commodities shall be subject to export controls because of the present or prospective domestic inflationary impact or short supply of such material or commodity in the absence of any such export control. The Secretary is required to develop forecast indices of the supply and demand for such materials and commodities to help assure their availability on a priority basis to domestic users at stable prices.

The section further provides that implementation of export controls for the purpose of rectifying conditions of domestic short supply or inflationary impact shall not be exercised with respect to any agricultural commodities without the approval of the Secretary of Agriculture. These are provisions which were contained in H.R. 8547, which was passed by the House on September 6, 1973. The continuing need for this legislation is underscored by a subsequent report of September 15, 1973, of the Office of Organization and Management Systems of the Department of Commerce, which confirmed the need for additional, more sophisticated informational inputs.

Section 3 of the bill would provide a new section 6 to the Export Administration Act of 1969, a petition procedure for short supply export controls and monitoring. Under these provisions any person who represents a substantial segment of an industry which processes any material or commodity may transmit a written petition to the Secretary of Commerce requesting the imposition of controls or the monitoring of exports or both in order to effectuate the policy declaration with respect to short supply. Within a period of 75 days or less, under these provisions, notice of the petition would be published in the Federal Register, hearings would be held and the Secretary would be required to either institute monitoring, controls, or publish in the Federal Register a detailed statement of his reasons for not instituting such monitoring or control.

The application and implementation of the short supply policy declaration contained in the Export Administration Act have been uneven. In some instances,

controls have been imposed for reasons and under conditions which are not consistent with the policy criteria of the statute as interpreted by the Department of Commerce in public testimony. In other instances, industries which have requested the imposition of controls and have been denied such relief appear to have been in a situation in which the stated criteria of scarcity, inflationary impact, and foreign demand have been met. Hence, the need for systematic procedures.

Section 3 of the bill would further provide a new section 7 of the act, a petition procedure for hardship relief from export controls, which the committee believes appropriate and necessary to guide and direct the Secretary of Commerce more closely in his consideration of granting relief from export controls.

The committee recognizes that the licensing program may in certain situations work a hardship on domestic manufacturers and their employees. For example, one domestic manufacturer, American Motors, stated that, as a result of export controls on scrap steel, its continued domestic production of a major consumer product has been endangered, with potential dislocation of the economy and employment. A critical component of this manufacturer's final product is provided by its facility in Canada in compliance with the terms of the United States-Canada Automotive Products Agreement of 1965. This component, the engine block, is produced in part from scrap steel exported from the United States, which scrap is presently subject to controls. Relief in the past has been unavailable to the manufacturer, and there has existed a threat that the manufacturer's American production lines would be closed as a consequence of the export control program.

Section 4 of H.R. 15264 would amend the enforcement provisions of the Export Administration Act of 1969 by inserting a new provision expressly requiring U.S. firms and individuals to report within 60 days to the Secretary of Commerce any written understanding which would be likely to result in the export to a Communist territory of U.S.-origin technical data which is not generally available.

The Department of Commerce and, indeed, the Government as a whole may not be aware of the nature of these agreements or contracts to export technology until the time when the U.S. company applies for an export license. This makes it difficult for the Department of Commerce and other concerned agencies to discharge properly and effectively their export control responsibilities. Early notification that U.S. firms have undertaken to exchange technology with a Communist country would permit the Government to consider in a timely fashion the broad East-West trade policy implications of a contemplated transaction involving the exchange of technical data.

Correspondingly, the Department's administration of export controls would be facilitated by early notice of agreements or contracts involving the possible transfer of technology. The awareness of such contemplated transfers would enable the Department to make broad early judgments respecting the national security implications and to deal with the U.S. party to the transaction as appropriate, to minimize the risk that significant strategic technology will inadvertently seep to the Communist country in question. Such unauthorized transfers are of concern to the Department of Commerce and other agencies with responsibilities for national security.

The Subcommittee on International Trade heard witnesses who alleged that important technical secrets which would endanger national security were being exported to Russia. The preponderance of testimony from expert public witnesses as well as from representatives of the Departments of Defense, State, and Commerce, indicated that this has not been the case. The subcommittee also heard business witnesses who believe that their ability to export common technology abroad has been unnecessarily restricted and that overseas markets have been lost to Western European and Japanese producers as a result. The Departments of Defense, Commerce, and State testified that with new reporting requirements the act would give the better control of exports to protect national security.

As my colleagues are aware, when the legislation is open for amendment, there will be offered an amendment in the nature of a substitute which would declare it no longer the policy of the United States to trade with the countries of Eastern Europe and the Soviet Union and China. The amendment also would repeal provisions of the act under which relevant executive agencies, with input from experts from the private sector, assess the strategic significance of such products as computer systems, telecommunications equipment, machine tools, semiconductors, and electronic instrumentation. In its place it would place the responsibility for such assessments with a group of 20 members from 10 committees of the Senate and House.

The sponsors of the amendment contend that there is a massive outflow of highly sophisticated strategic equipment and technology from the United States to the Communist nations. The fact is that U.S. technology and commodities capable of contributing significantly to the military potential of the Communist countries to the detriment of our national security may not be exported to those countries without an export license issued by the Department of Commerce. Licenses for such products are not issued.

In determining what technologies and commodities should be controlled and what export transactions shall be approved or denied, the Department of Commerce consults with all of the other executive departments and agencies concerned with our national security and our foreign policy. The Department of Defense is thus the principal national security adviser and plays a principal role in export control work. Over the past 2½ years, as a result of such interagency consultative procedures, some 324 license applications were denied. In contrast to these denials, the Department of Defense objected to the issuance of a license in 13 cases in which it did not feel sufficiently strong about its objection to indicate that it would take the matter to a higher echelon. The Department of Defense appealed approval in four cases. In three of these its objection was sustained, and in only one case was it overridden by the White House.

This consultative practice precludes the possibility that massive transfers of technology and capital equipment of military significance to the Soviet Union and other Communist countries can occur. Hence, the amendment which I have described out to be defeated.

Section 5 of the bill would amend the Export Administration Act of 1969 by extending the act to June 30, 1976. This extension for 2 years will help assure a close and careful review of the administration of the act. I believe this is necessary in light of the policy and procedural changes indicated in H.R. 15264 and the need to make an early appraisal of their impact.

Mr. Chairman, this is vital legislation which incorporates much needed amendments in light of changing circumstances in the domestic and world economy. I urge its adoption.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. Yes, I yield to the gentleman from Illinois.

Mr. FINDLEY. I thank the gentleman for yielding.

A number of us are concerned about the effect this legislation may have on our agricultural exports, many of which are contracted for. I want to cite just an illustration of the problem that may arise. Let us assume that a bona fide contract has been made between a U.S. shipper and a foreign purchaser, and then subsequent to the signing of the contract the Secretary of Commerce, with the approval of the Secretary of Agriculture, decides to impose a restriction on shipments of that commodity. What will happen to this bona fide contract, can the parties have confidence that it will be fulfilled, or does this raise a question mark?

Mr. ASHLEY. It raises a question. I have got to say to the gentleman that if our domestic shortage is so severe that the curtailment of exports of a commodity is a total embargo, that is to say, if that would be necessary in order to protect our domestic requirements, then that contract would not have full force.

Mr. FINDLEY. So it raises doubt as to the reliability of the United States in fulfilling the agricultural requirements of foreign countries?

Mr. ASHLEY. Let me say this is true of every single country that exports anything. They are faced with very much the same requirements at home, perhaps of a different character, but they put their requirements at home ahead of their requirements to export, and when it is necessary for them to curtail their exports, they take precisely the same approach as we take.

Mr. FINDLEY. But I see nothing in this bill that takes into account the importance to the American people of these dollar markets abroad, which came to $21 billion last year.

Think of the employment and inflationary effect on the market if these sales are impaired.

Mr. ASHLEY. The gentleman has not read the bill and he cannot have read the report to make such a statement, because we make it very clear our export control policy is based upon two premises, one of which is to the maximum extent possible that export trade as a matter of national policy shall be unimpeded. We say at the same time that when our domestic economy is suffering from such severe shortages that export controls are necessary, this must be realized as a fact of life. So what we have two principles that, generally speaking, have not been in conflict in the past. But because we have in recent years, for a whole variety of reasons, come up with domestic shortages now, these two worthwhile, parallel or nonconflicting policies have collided, and it is quite understandable that agricultural interests the gentleman represents should say: "Well, we want special rules for agriculture."

It is OK to embargo or curtail the exportation of ferrous scrap, but not our agricultural commodities.

What we are trying to do, as I said to my good friend, the gentleman from Illinois, is to strike as decent a balance as is humanly possible to accommodate our export interests. The gentleman knows me well enough to know that I am desperately concerned with the fact that we are going to pay as a nation $22- or $23 billion for petroleum as against $8 billion last year. Where does the difference come from? It has got to come from increased ability to sell abroad in foreign markets. I understand that, but, again, as the President said some months ago, when we have competing demands, foreign demands for U.S. commodities and products, and domestic requirements for these same commodities and products, the latter must prevail.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Illinois.

Mr. FINDLEY. I assure the gentleman that repeatedly over the last year that this bill has been pending before the House, I have heard voices of concern from responsible people in the agribusiness field who are convinced that the language in the proposed act would severely undercut confidence in the United States as a reliable supplier.

This act will put these contracts under risk. When I say they risk, I mean we risk because of the importance in balance of trade of agricultural surplus to our national interest. Without this trade surplus, think where we would be today.

Mr. ASHLEY. These interests, however, really want unimpeded ability to export American products regardless of what may be desperately needed domestically, and that we cannot give them.

Mr. FINDLEY. What they want is the ability to make a reliable contract which will build and maintain trade with the customer overseas.

I will just add the final comment. The Export Administration Act now on the statute books is a known quantity. Our export trade has adjusted satisfactorily to its provisions. The agri-business community has found a way to deal with gentleman from California (Mr. HANNA) it successfully. I would urge my colleagues to go along with the offer of the to extend the existing law rather than to run the risk of undermining the ability of American agribusiness to act as a supplier in world commerce.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Chairman, I would like to ask the gentleman, how does an embargo make additional products available? Is it not true that all it does it to try to change the price level, because these products are available in the United States anyway? So the only purpose of the embargo would be to try to require the U.S. producers to take less than the world market value less the cost of handling and transportation.

Mr. ASHLEY. What we are talking about is more than that. We know the embargo does not increase the supply. Nobody can possibly make that claim.

Mr. SMITH of Iowa. Then what is the purpose of the embargo?

Mr. ASHLEY. It is to be applied in cases where we have a very limited supply of a commodity which is needed domestically. The gentleman has got to know if we have a limited amount of anything and if we send half of it abroad, and if it was just enough to take care of our domestic needs before, then we would have only half enough to take care of our domestic needs.

Mr. SMITH of Iowa. But the soaring world prices do not cause it to go abroad. Our processors have access to it here and at a cheaper price than abroad.

Mr. ASHLEY. I do not agree with the gentleman. All that happens is we do have an escalating price reflecting demand for a short supply commodity. The price is bid up. The foreign interests will claim some of it, leaving us with an ever more positive shortage than we had before.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Missouri.

(Mr. BURLISON of Missouri asked and was given permission to revise and extend his remarks.)

Mr. BURLISON of Missouri. Mr. Chairman, I appreciate the gentleman yielding.

Mr. Chairman, I would like to ask the gentleman from Ohio if he agrees there is a provision in the bill now which provides for approval of the Secretary of Agriculture for the application of any export controls and also that the provision is included in the present legislation?

Mr. ASHLEY. The gentleman is entirely right. By way of indicating an understanding of the concerns of our agricultural factors we have included in the legislation a provision that it not be within the authority of the Secretary of Commerce to embargo agricultural products or curtail their export, but instead there must be the approval for this action by the Secretary of Agriculture.

Mr. BURLISON of Missouri. Is it true that in the bill before us at this time there is a provision that any substantial segment of an industry may require by the petition process a monitoring or imposition of export controls?

Mr. ASHLEY. Yes. The bill specifically provides that, for a petition procedures wherein a particular sector can request either controls or monitoring.

Mr. BURLISON of Missouri. If the gentleman will yield further, is this a provision which permits obviating the approval by the Secretary of Agriculture, or does this procedure include that requirement?

Mr. ASHLEY. This is concomitant with that.

Nothing undermines the authority that we have given the Secretary of Agriculture with respect to his approval.

Mr. BURLISON of Missouri. Would the gentleman agree that in July of 1973 when the Administration applied export controls on soybeans that the approval given by the Secretary of Agriculture at that time was merely a pro forma approval and that he actually at that time was voicing opposition to the imposition of export controls?

Mr. ASHLEY. My view of the actions taken by the Secretary at that time is that the action was so long in coming that it really turned out to be counterproductive, very counterproductive, with enormous dislocations in our agricultural sector.

Mr. BURLISON of Missouri. And the gentleman from Ohio then is saying that under this legislation, if he will yield further, that the 1973 export controls on soybeans would not have occured, and that if a similar situation existed at this time, the embargo would not be levied.

Mr. ASHLEY. Let me say, all the bill provides for is a series of procedures that very carefully, but realistically, we can expect to prevent that situation from occurring in the future. We have really sought to be responsive to the problems that action created at that time. We have analyzed it and we have sought in the legislation to establish procedures which, as I say, we are confident will protect the American economy from the kind of situation in the future, should we fall into a situation of short supply, as was the situation at that time.

Mr. BURLISON of Missouri. I thank the gentleman for yielding.

(House Proceedings of Today Will Be Continued in the Next Issue of the Record)

House of Representatives

(Proceedings of the House Continued From the Record of August 13, 1974)

EXPORT ADMINISTRATION ACT AMENDMENTS OF 1974

IN THE COMMITTEE OF THE WHOLE
(Continued)

Mr. BLACKBURN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I think it well that we remind ourselves of what was the original purpose of the Export Control Act and review for a moment the actual functioning of the Export Control Act, the current rules and regulations as they are interpreted by the Secretary of Commerce, and ask ourselves, is the Export Administration Act performing the function for which it was intended originally? Is it performing the function that we want it to perform at the present time? If it is not performing the functions that we feel it should be performing, then it is incumbent upon us to amend the bill so as to instruct the Secretary of Commerce as to how we want the act administered.

This would apply to not only industrial goods, not only to goods embodying sophisticated American technology, or capital goods for production purposes, but it would also involve the interpretation of the bill for the administration of exports of farm products.

When I first started looking into the administration of the bill, I became impressed by one thing. The administrators of this bill are putting heavy emphasis in the bill on the desire, and the understandable desire on the part of Congress, to increase exports from American industry.

Certainly, I agree with that general proposition; but they are very badly ignoring, in fact, I think they are dangerously ignoring today the requirements in the bill that the military security, the military needs of the United States, must be given a priority consideration.

Now, one of the weaknesses in this bill as it is now being administered is the requirement that the Secretary of Commerce shall consult with industry representatives over the kinds of goods and the kinds of technology that will be exported from this country to the Iron Block countries. Well, now, is that not a happy arrangement?

Here, the Secretary of Commerce goes to an industry representative who may himself be sitting on a $5 or $10 million contract which he is most anxious to provide for the Soviet Union. The Secretary of Commerce says, "Well, do you think we should sell these computers," or, "Do you think we should sell a truck factory to the Soviet Union, to be the most modern and efficient manufacturing truck facility anywhere in the world," or, "Do you think we should sell and build in the Soviet Union, 90 percent financed by American capital, the biggest and most sophisticated fertilizer plant in the world?"

Well now, amazingly enough, the industry representatives have come to the conclusion, "Yes, indeed, we should sell these goods to the Soviet Union."

In fact, one of the first articles which were sold when this great area of détente burst upon the public scene was a series of ball bearing machines.

The reason they wanted to buy those ball bearing machines is because they could not buy a comparable machine anywhere else in the world. More significantly, of the ball bearing machines that exist in this country, that kind of machine, 90 percent of its production goes into missile guidance systems in our defense mechanism. I do not think that is the kind of goods we ought to be selling to the Soviet Union.

Yet, under the current operation of the Export Administration Act, when it was founded its original purpose was to stop that kind of goods from being sold to the Soviet Union. We are finding under the current administration of the bill that that kind of goods are being sold to the Soviet Union with absolute impunity.

What I am proposing is that, if we are going to make this bill again operative, make it serve the purpose for which it was intended to serve in the beginning, we are going to have to make some changes in the bill. That is the reason I am going to propose an amendment.

One of the things my amendment will do will be to provide that we do away with these industry representatives and their consultations with the Secretary of Commerce. We are going to substitute in lieu thereof Members of Congress, who will be consulted before licenses are granted for the export of American technology and American capital goods. After all, let us not forget that there are differing roles between us and industry representatives.

An industry representative has to report to his stockholders and to his board of directors. His main concern is going to be, "This year, our sales were $10 million or $5 million or $30 million more than they were during the previous year."

Members of the committee, our responsibility is not limited to the board of directors or the stockholders of a particular corporation. Our responsibility as Members of Congress is to the whole American public and to the security of the American people.

Furthermore, one of the provisions that I am putting in my amendment is a requirement that the Secretary of Commerce must give great weight to the possible economic consequences of the goods and capital equipment which are being sold to the Soviet Union. Let me remind my colleagues—let me remind all those in this Chamber—that when the Soviets have the benefit of advanced American technology—and that is what they are buying, the very best and very latest in American capital goods; have no doubt about that—when they buy the latest and most advanced American technology, which they can never develop on their own resources, with the benefit of the nonfree and slave labor they will be able to undermine every American market in the world, including our own domestic markets. Today, the Soviet Union is selling tractors in Mississippi for something like two-thirds the cost of American tractors of comparable size and design.

Do we have any doubt for 1 minute that they will use the benefit of this nonfree labor and slave labor? Let us not forget that no Soviet laborer belongs to a free labor union. No Soviet workingman can change from one employment to another in order to obtain the highest level of pay for his talents, energies, and ambitions. He works where the state tells him to work. He is paid the wages the state tells him he will be paid. He lives where the state tells him he will live. Not only do they have nonfree labor, they have slave labor.

The testimony before the committee showed without any dispute from any source that the Soviets use slave labor constantly, not only in the manufacture of their military hardware, but they use slave labor in the production of their domestic industry production as well.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I will be happy to yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I appreciate the gentleman's yielding. I rise in support of the gentleman's amendment to give the Congress a greater role in the export policy of this Nation, and I am pleased to be a cosponsor.

With regard to the gentleman's statement that this Soviet socialized labor might be used to undercut American products, American jobs, and American industries is it true, the Soviets are building a comparable product to the Fiat 124 that might be sold in the United States, undercutting the price in the United States for the Italian Fiat product?

Mr. BLACKBURN. The fact of the matter is that the Fiat Co. cooperated with the Soviet Union and built a modern factory. Today the Soviets are selling Fiats built in the Soviet factory at a considerably lesser price than that at which the Fiat Co. can sell their own automobiles in Italy.

We have a perfect example. We can-

not be surprised that Ford trucks are being sold in the United States manufatcured at the Kama River site.

Mr. KEMP. Mr. Chairman, I appreciate the gentleman's yielding. I want to associate myself with his remarks, and I strongly support the Blackburn-Dent amendment. I am alarmed at the export of American technology to the Soviet Union, it seems to me that in the long run it could well threaten our very national security by helping Russia to develop weapons that would give them a strategic edge.

(Mr. KEMP asked and was given permission to revise and extend his remarks.)

Mr. MAYNE. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Iowa.

Mr. MAYNE. Insofar as the gentleman seemed to suggest that the Soviet Union in Eastern Europe was using slave labor and that considering the state of agriculture as it exists in that area the Soviet Union could successfully compete with American agriculture, I would have to strongly dissent from that view because I think all of the information we have available is to the effect that American agriculture's productivity is unmatched anywhere in the world.

Slave labor or not, the Iron Curtain countries cannot match us in producing the food and fiber needed to feed the world. The record of the American farmer, with our mechanization and other efficient procedures, shows, by every recognized international measuring stick, that we can outcompete them and outproduce them right down the line.

I am apprehensive that the gentleman from Georgia's amendment is going to seal off American agriculture from markets that we would otherwise be able to enter selling on a competitive basis in Eastern Europe as well as everywhere else in the world.

There is no limit to the ability of the American farmers' genius to outproduce and undersell food and fiber on an efficient basis.

Mr. BLACKBURN. I certainly agree with the gentleman on the ability of the American farm producer to compete favorably with any producer anywhere in the world.

I hasten to assure the gentleman and all of my colleagues here who do represent primarily farming areas that my amendment is not going to curtail the export of agricultural products. My amendment will continue the existing law which we adopted here on the floor about 2 years ago when there was an exporting ban on the sales of hides.

I think the gentleman from Iowa (Mr. SMITH) will recall that amendment. We adopted it, and my amendment will perpetuate that language in the law.

Let me assure the gentleman and assure my other colleagues concerned about this particular problem that the language in the Ashley bill will make it far easier to impose embargoes on farm goods than will my amendment, because the languages that is in the bill now before the floor has very general provisions in it that the Secretary of Commerce can stop the sale wherever he feels it will affect prices domestically. Therefore, in effect, the bill that is being offered could very easily be a price-control mechanism for farm products.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I will be happy to yield to the gentleman from Ohio.

Mr. ASHLEY. Is it not a fact that there is no such authority to impose export restraint on agricultural products as a price-fixing mechanism unless we are under a broad Presidentially invoked mandate, that is to say, unless we are under a system of wage and price controls?

Mr. BLACKBURN. To answer the gentleman, the danger that I see is that there is a provision in here to the effect that the Secretary of Commerce, in consultation with appropriate U.S. departments and agencies, shall develop forecast indices of the domestic supply and demand, and to the extent necessary foreign supply and demand to help assure their availability on a priority basis to domestic users at stable prices.

Now, there is reference specifically to prices on farm products in the bill, as I interpret it.

Mr. ASHLEY. Mr. Chairman, will the gentleman be kind enough to yield?

Mr. BLACKBURN. Mr. Chairman, I have other requests from other Members, so I will yield only briefly to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, only if there is a situation of short supply, not on the basis of price alone, could there be a total embargo of agricultural commodities. It is not for price alone, but only if there is a prospective shortage that is affecting the domestic economy.

Mr. BLACKBURN. Mr. Chairman, I think we are probably giving different interpretations to the language here. I think under the gentleman's proposal it would be far easier to impose such embargoes.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, I would like to point out to the Members of the House that the amendment offered by the gentleman in the well, I think, is indispensable because it contains the provision of the Jackson amendment that was added to H.R. 14592, which is now Public Law 93-365.

The gentleman from Ohio says that we have adequate national security procedures. I believe the gentleman from Ohio has overlooked the fact that this bill inadvertently repeals the Jackson amendment.

Now, it is true that the Jackson amendment did establish a procedure whereby if the Secretary of Defense recommended against a shipment to a COCOM country, then the President could override that recommendation, but in overriding the recommendation, Congress would be given 60 days to review that particular shipment of technology or goods to one of the COCOM countries.

If the gentleman from Ohio is suffering under the delusion that we are not shipping goods and technology which are detrimental to the security interests of this country, I would like to state that I have in my hand a classified document and I will gladly show this to the gentleman; I do not see why it is classified—the document shows 46 COCOM requests which were approved over the objection of the Department of Defense. I hope the gentleman from Ohio will look this list over before he opposes the amendment offered by the gentleman from Georgia.

Mr. BLACKBURN. Mr. Chairman, I appreciate the gentleman's observation, because the last part of my remarks is to point out that in the Military Procurement Act which we passed several months ago there was adopted a provision which would give the Secretary of Defense a stronger voice in the approval or disapproval of the export of technology or capital goods to the iron bloc countries.

The Military Procurement Act is not the proper vehicle for granting such authority; this is the proper vehicle, the Export Administration Act. So the Senator from Washington, Mr. JACKSON, did offer an amendment in the Senate which was adopted unanimously and which does give the proper mechanism for the control and the proper voice, in my opinion, in the Department of Defense over the export of such high technology goods.

Mr. Chairman, I do appreciate the gentleman's observations.

Mr. SCHERLE. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Iowa.

Mr. SCHERLE. Mr. Chairman, I do appreciate the gentleman's yielding.

I respectfully but heartily disagree with the statements of my colleague, the gentleman from Ohio (Mr. ASHLEY), in the colloquy that just took place a moment ago concerning the regulation of prices of agricultural commodities.

The gentleman mentioned that there had to be positive proof of a shortage. There was no positive proof last year when the embargo was put on soybeans. When soybeans reached the price of between $10 and $12 a bushel, the Government intervened immediately, not to control the commodity but to control the price.

This House should not be misled by the fact that this move was basically to control a commodity. Historically, governments, when they have a surplus, will dump the surplus on the market to depress the markets. When they have a shortage, they will control foreign markets and also restrict the price.

So I think we had better be very careful in this matter.

Mr. BLACKBURN. Mr. Chairman, I think the gentleman is making a valid observation.

The existing law before us, which was adopted several years ago and which I would continue in my amendment, would not allow the prohibition against exports unless an actual short supply exists.

In the law which is being proposed, predictions of shortages can be made. As we know in the last few days predictions

of surpluses and predictions of shortages seem to be changing daily as we get new figures in from the Department of Agriculture, and I do not think we should be gambling with the future of our farm communities.

Mr. SMITH of Iowa. Mr. Chairman, if the gentleman will yield, the fact is it removes "abnormal." Previously it was the policy to reduce the serious inflationary impact of abnormal foreign demand, and now, by taking that out, it is possible to impose it to prevent normal foreign demand from increasing inflation.

Mr. BLACKBURN. I agree with the gentleman.

Mr. PRICE of Texas. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I yield to the gentleman from Texas.

Mr. PRICE of Texas. Mr. Chairman, I would like to say that Secretary Schlesinger appeared before the Committee on Armed Services and said he was not so concerned about how many ICBM's the Russians had, but he was alarmed at the rate our country was exporting technical materials to the Soviet Union. If there is anything that will beat us in the long run, and it will be our own fault, it is because we have exported such technologies that will enable the Russians to bring about weapons to cause our destruction.

It seems strange today that in our agricultural area that people want to say that when wheat gets short this fall in our country that you are depriving the farmer of his export market that he was trying to build up for so many years in cotton, millet, corn, soybeans, but still you want to let the truck manufacturer send trucks over there at high prices and let the fertilizers and chemicals go over there that the farmers need so desparately here to raise their crops, so that we could have cheaper products for the consumers.

It seems to me that we are permitting a double standard to apply when we let the manufactured goods go and make the farm products make up the difference in our deficit in overseas shipments, let the agricultural products pay for it.

Mr. BLACKBURN. Mr. Chairman, the Export Administration Act of 1969 Amendments of H.R. 15265, merely compound the dangerous defects contained in the law which it seeks to amend: The Export Administration Act of 1969.

Like the present law, H.R. 15264 fails to respond to the following urgent need:

First. Prevent export and re-export of American technology, capital equipment, scientific accomplishments and agricultural commodities to nonmarket economy countries and unfriendly governments.

Second. Prevent export of such products by American subsidiaries operating abroad to nonmarket economy countries and unfriendly governments.

Third. Protect American labor and industry against unfair competition from the nonfree and slave labor of the Soviet Union and the Warsaw-pact regimes.

Fourth. Assure that the security of the United States is not endangered by transfer of U.S. technology and capital equipment to those Communist regimes.

Fifth. Reassert the constitutionally assigned congressional responsibility to regulate foreign commerce.

That this need is great should be apparent even to the most cursory observers of the history of world communism and of the manner in which Communist leaders continue to pursue the Communist objective of world domination.

Adm. Elmo Zumwalt, Chief, U.S. Naval Operations, recently reminded us of this critical fact of life:

Addressing the Communist leaders of the Warsaw Pact nations, Soviet Communist Party Secretary Leonid Brezhnev has stated:

> We Communists have got to string along with the capitalists for awhile. We need their agriculture and their technology. But we are going to continue massive military programs and by the middle 80's, we will be in a position to return to a much more aggressive foreign policy designed to gain the upper hand in our relationship with the West.

Dr. Malcolm R. Currie, Director, Defense Research and Engineering, has put it this way:

> The Soviets have become critically aware that their great deficiency is not in scientific knowledge but rather in production technology. They apparently feel that they can neither close pivotal gaps in their military capability nor gaps in their general economic growth, both domestically and worldwide until they acquire a manufacturing technology comparable to ours.

Secretary of Defense James Schlesinger has expressed concern that, should the U.S.S.R. marry technologies emerging from its research and development program to the throw weight and numbers of Soviet ICBM's allowed under SALT I, "They would develop a capability that was preponderant relative to that of the United States."

Despite these warnings, the outrush of U.S. technology and capital goods to the Soviet Union and the Warsaw Pact countries has been intensified.

During the past year, the Soviet Union imported $1.2 billion worth of U.S. goods. The Soviet Union exported to the United States $235 million worth of goods. Thus, the Soviet balance of trade with the United States is running about 5½ to 1 in favor of the United States.

It takes little more than common business judgment to appreciate that such imbalance cannot long continue. Worse, Soviet inability to pay the yawning difference between their imports and exports with us remains a matter of serious question.

These warnings, these facts, have been underscored by some disturbing testimony before our Subcommittee on International Trade.

Mr. Anthony C. Sutton, former research fellow, Hoover Institution on War, Revolution, and Peace, Stanford University, reported:

> Looking at the spectrum of evidence available, I conclude that there is no substantive evidence of a willingness on the part of the Soviet Union to live in a truly free and peaceful world. If "détente" is measured by individual freedom, then it is a failure.
>
> The paradox that we face is that we provide the technical means to build the Soviet military industrial complex and this encourages the Soviets to both repress their own people and pursue their overseas objectives.

As Mr. Sutton noted:

> This is also the view of Andrei Sakharoff the Russian atomic physicist.

To this observation, I would add:

The Nobel Prize-winning Russian author, the now-exiled Alexander Solzhenitsyn, has certainly made this abundantly clear.

More recently, the manner in which Soviet leaders repress freedom among their subjects has been demonstrated in two highly publicized ways:

First. At the moment when, from Moscow, the American people were receiving carefully staged accounts of how well the latest Nixon-Brezhnev summit meeting was going; of how highly dedicated Brezhnev was to the concept of peace and freedom and friendship, top level commentators and correspondents for the three U.S. commercial television networks were abruptly cut off the air—not once, but repeatedly—when they tried to report back to the American people on the repressions and pressures imposed by the Brezhnev regime upon the drive for Soviet freedom of which, at that moment, Andrei Sakharoff was the focal point.

Second. We have this month's revelation of Secretary of Commerce Dent's concern over the effort to acquire, via import from the United States, the most modern and sophisticated of U.S. criminal technology and detection equipment. As Secretary Dent realizes, the Kremlin could be expected to use this equipment in furtherance of its police state tactics against Soviet citizens suspected of dissidence.

To permit the shipment of such ultra-sophisticated criminal surveillance gadgetry to the leaders of the Kremlin, is, as our colleague from Ohio, Mr. VANIK, has put it, "analogous to selling gas chambers to Hitler." Similarly, to permit them technology and capital goods with military application is analogous to shipping scrap iron to Japan before Pearl Harbor. Permit me these further quotations from testimony by Mr. Antony Sutton before our International Trade Subcommittee:

> The Soviet military-industrial complex is . . . dependent on technology transferred from the West, mainly from the United States. No distinction can be made between civilian and military technology and all transferred technology has some military impact.

Mr. Sutton, author of three volumes on "Western Technology and Soviet Economic Development," has entered serious documentation of this statement into the record of the hearings by our Subcommittee on International Trade.

I quote these excerpts:

> The entire ball-bearing capacity of the Soviet Union is of Western origin.
>
> The greater part of Soviet military truck production except some specialized vehicles originates in two key production units: the Gorki plant and the ZIL plant with their subsidiary assembly and production units. These units produce civilian and military vehicles and about 65 percent or so of the parts are interchangeable between the military and civilian units.
>
> The Gorki plant was built from scratch by Henry Ford in the early 1930s and has had foreign equipment continuously throughout the decades down to the present. Gorki pro-

duces the GAZ range of military vehicles including missile carriers, patrol vehicles, jeeps and tow vehicles. The ZIL plant is the former Tsarist AMO plant considerably rebuilt and expanded over the years. It was first rebuilt in the early 1930s by A. J. Brandt of Detroit with equipment from Hamilton Foundry and Budd Company. The last production equipment I traced from the U.S. to the ZIL plant was in 1970 in the middle of the Vietnamese War. The ZIL plant and its assembly plants in the same group produce military trucks and chassis for rocket launchers, personnel carriers and so on. . . .

Under the Nixon Administration U.S. firms are building the Kama truck plant. This will be the largest producer of ten ton trucks in the world—100,000 per year. . . . The Administration is aware that the Kama plant has military potential.

Turning to U.S.-supplied Soviet merchant ships, Mr. Sutton has testified:

The only real complete source of data for these ships is the Soviet Register of Shipping. The following are some of the major findings based on an exhaustive analysis of this Register:

68 percent of Soviet merchant ships were built in the West;

80 percent of diesel engines were built in the West;

20 percent of engines were built in the USSR but under Western licensing.

Avraham Shifrin, former Soviet Red Army Major and Chief Legal Adviser, Contracts Division, Ministry of War Equipment, U.S.S.R., told our subcommittee:

Each day, I saw how the USSR used the technical achievements of the U.S. and other Western nations to create weapons for the destruction of those same nations.

I heard many discussions of how to cheat the U.S. out of strategic military equipment.

The USSR has obtained U.S. materials for supersonic aviation, for the earliest Soviet missiles, and for building the first aerodynamic wind tunnels for testing models of supersonic military aircraft.

Foreign tools are bought only when the Soviet attempt to copy fails. In such a way, there was "bought" in England a complex of machines for production of very high temperatures. It played a crucial role in production of the Soviet H-bomb.

The Soviet system includes special R and D bureaus which use prisoners exclusively.

Additionally, political prisoners are widely used in subsidiary work in the military industry and in military construction.

Nothing better dramatizes the use of prisoners to develop the Soviet war machine than the fact that the Soviet Union's most powerful fighter aircraft, the Tupolev, was invented by Tupolev while he, himself, was a political prisoner—or the fact that the chief constructor of the Soviet Union's ICBM missiles, Korolev, began his missile work and inventions while in a concentration camp.

That the results of Soviet combining of U.S. technology with this tightly controlled cheap labor force has already begun is quite evident. For example:

Soviet tractors have recently been introduced into the American market—selling for $7,500, half the price of comparable U.S.-made tractors.

Lada, the Soviet automobile built by a factory planned and constructed for the U.S.S.R. by Fiat of Italy, compares, roughly, with the Fiat 124. It will sell in the United States for a price well below the Fiat 124.

Clearly, privately owned American industry and well-paid, well-organized American workers could not hope to produce goods at a price approaching the competitive with goods produced under these tightly State-controlled Soviet conditions.

In our own enlightened self-interest, it is high time we stopped playing this deadly game of Russian roulette.

It is the Congress that is charged with the responsibility of regulating foreign commerce. Yet, administration of the Export Control Act has been delegated to the Secretary of Commerce with slight interference from Congress. Under existing law, the Secretary is required to consult with representatives of industry before deciding if transfer of American goods or technology is in the best interest of American industry.

He is also required to consult with the Secretary of Defense to determine if transfer of such technology to Communist bloc countries represents a threat to American security. The Secretary of Defense is motivated by the desire to maintain a strong defense. But, frequently, his counsel is outweighed by industry leaders' desire for profits for their companies and by the desire of the Secretary of Commerce to improve our balances of trade and payments.

To remedy this condition, the National Protection Act would require that a committee of representatives from key congressional committees consult with the Secretary of Commerce before final determination of those items that may be exported to Communist bloc countries without endangering Western markets or Western security. This, certainly, is a mild provision. But it would regain from industrial leaders the congressional responsibility to determine what trade, truly, is in our national interest.

Lately, we have heard much about the need for Congress to reassert its constitutional assigned responsibility vis-a-vis the executive branch. Here is a golden opportunity for Congress to do so in the critical interest of national protection.

Mr. Chairman, that is why, after considerable research, study, and deliberation, I drafted the National Protection Act. In collaboration with our colleague from Pennsylvania (Mr. DENT), I ask this body to heed the warning of the experts and the lessons of history. Having done so, I ask you to vote to accept the National Protection Act (H.R. 15657).

Mr. ASHLEY. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. REES).

(Mr. REES asked and was given permission to revise and extend his remarks.)

Mr. REES. Mr. Chairman and members of the committee, this legislation is absolutely necessary if this country is to survive economically in the second half of the 20th century. We have inflation now, and it is the worst inflation we have had perhaps in this century, and one of the reasons for this, I think, is that we have not had the correct approach to the international market. We have been thinking about inflation as something which is restricted to the United States, and having no relationship to the rest of the world

The gentleman from Texas was talking about the farmers, and that this bill is discriminatory against the farmers. But this is not discriminatory against the farmers. We are saying to him that we can export if it falls within several criterion. If there is a serious domestic shortage, if there is a terrible inflationary impact on that commodity, whether it be an agricultural commodity or a truck, or whatever it is, that then the Secretary of Commerce can put on the export controls. I think this is reasonable.

You know, with a certain tax gimmick that the Congress passed, I believe a year or two ago, called a DISC corporation, it makes it a lot easier for the producer of a commodity to export that than is to sell it in the United States because if it is sold here in the United States there is a tax liability of something like 52 percent. But if you get a tax break from a DISC corporation the tax runs around 25 percent.

So that if we do not have export controls it will be cheaper to export scarce commodities to other countries than it will be to sell those commodities here in this country. As a result, we will face in our domestic economy a series of shortages all throughout our economy.

People were complaining because they say the Russians are selling tractors in Mississippi. It is not because of the price, it is because we are not manufacturing enough tractors right now, and so the Russians are coming in and selling some tractors.

When we talk about agricultural commodities, if we find the price going way up on wheat, are you going to put that price on the American housewife, so that when she goes out and buys some bread she has to pay that because you are going to export all of the wheat and not have any wheat here for the domestic market?

This is what has been said by the gentleman from Georgia. We should not have these export controls. They might be dangerous. And some of the farm constituents may say, "Oh, my goodness, you cannot put any restriction on the farmers," despite the fact that this bill deals with all commodities and manufactured goods that are exported by this country.

Now we start talking about Communist countries. If we read the law, the law on the policy says that:

. . . to restrict the export of goods and technology which would make a significant contribution to the military potential of any other nation or nations which would prove detrimental to the national security of the United States.

This is repeated again about the national security of the United States. It is repeated three or four times in the actual act. So if there is a commodity which is felt by the Department of Commerce, in consultation with these other departments, to be a threat to our national security, this is one of the purposes of the law. It is right in here. This is what the Secretary can do if he feels that this is detrimental.

There is discussion about the Fiat plant. It was very familar with the Fiat plant project. I do not know who is buying 1965 Fiats outside the Soviet bloc. I doubt if any Western country is buying

1965 Fiats, and that is what they are producing in the Soviet Union. I guess if one wanted a 1965 Fiat, he could always import one; but I suspect that Fiat is doing very well in its markets with 1974 Fiats. I doubt that the export of Fiats goes any place other than to a few countries like Czechoslovakia, Rumania, Poland, and the other Eastern Bloc countries. I think that we have to develop good trade with Communist countries.

There are all different types of Communist countries. Some of them have actually experimented, like Yugoslavia, with the American economy, and I think this is good, because we have had trade relationships. If we sell our technology, that means that they are dependent on the United States for future technology. We could sell a 360 computer, and by the time they tear that down and copy it, we will be about five generations ahead of that 360 computer.

I think this restriction bringing us back to the cold war is bad, especially in the concept of President Ford's speech of last night. The administration is for the opening up of the Export Control Act, and they are opposed to these restrictions that being proposed here on the floor of the House. So I think if we believe in trying to protect the American consumer and the American businessman who is being plagued with the short supply, it is absolutely necessary that we pass this bill in its present form.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ASHLEY. Mr. Chairman, I yield 2 additional minutes to the gentleman from California.

Mr. REES. I thank the gentleman.

Mr. BERGLAND. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Minnesota.

Mr. BERGLAND. I thank the gentleman for yielding.

In reading the committee report, it says that it shall be the policy of the United States to use export controls to reduce the serious inflationary impact of foreign demand.

My question of the gentleman is, what consitutes an inflationary price? Who decides what an inflationary price might be?

Mr. REES. This would be up to the Secretary, as it is now. What the law says is, to reduce the serious inflationary impact of an abnormal foreign demand. All we do is strike out "abnormal." But the Secretary has had the power to define what "abnormal demand" is, and "inflationary price" is in the law right now.

Mr. BERGLAND. If the gentleman will yield further, does he suppose that when the Secretary is in the process of determining what constitutes an inflationary impact, that he would take into account the doubling of costs that have gone into the production of crops in the last 2 years?

Mr. REES. Yes. It is in the bill. If the gentleman will look at the bill and look at about page 5, "Petition Procedure for Short Supply Export Controls and Monitoring," and if he will go further to page 6, "Petition Procedure for Hardship Relief from Export Controls," here is a whole process that we mandate upon the Secretary.

If our farmers are aggrieved, and they fell that they are being hurt, they can go to the Secretary, and the Secretary shall within so many days give a specific answer. This is the new language we put in this bill, so that a businessman or a farmer can get a square break, and I do not think they are getting it right now.

Mr. BERGLAND. If the gentleman will yield further, I might say that 2 years ago a farmer could grow wheat for $2 and make a few pennies a bushel, but today it takes $4 for him to break even. The trouble is that there might be those who say that $4 wheat is inflationary.

Mr. REES. The industry committee could petition the Secretary and have a hearing.

Mr. YOUNG of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from South Carolina.

Mr. YOUNG of South Carolina. Mr. Chairman, I thank the gentleman from California for yielding.

I did not quite understand what he said about Russian tractors. Was it the high price, and he said American tractors would lower the price? I did not quite understand.

Mr. REES. I said I think the reason why some Russian tractors are selling is that there is a short supply domestically of American tractors. I used to export tractors. I can tell the gentleman our domestic tractor is a great deal better than the Russian tractor.

Mr. YOUNG of South Carolina. They are not as cheap as the Russian tractor.

Mr. BLACKBURN. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota (Mr. FRENZEL).

(Mr. FRENZEL asked and was given permission to revise and extend his remarks.)

Mr. FRENZEL. Mr. Chairman, I rise in support of the Export Administration Act as reported out by the Banking and Currency Committee. The committee held lengthy hearings and reported out a balanced bill. The bill improves upon our present export control procedure in several ways.

In addition to extending the authority for 2 years, it will require that companies which sign protocols or trade agreements with any controlled countries must inform the Commerce Department within 60 days after signing. This will enable the Department to monitor trade activities with nonmarket economies more closely, and thereby prepare more adequately to evaluate export applications.

The bill also provides that it shall be the policy of the United States to use export controls to retaliate against any nation or group of nations who unreasonably restrict U.S. access to their supply of a particular commodity.

The Secretary of Commerce also is given authority to establish, either at his own direction, or at the urging of a substantial segment of any industry, technical advisory committees to evaluate "technical matters, licensing procedures worldwide supply, et cetera. In addition, the committee has added a petition procedure which can be used by any industry or segment of the economy to request that the Secretary of Commerce initiate monitoring of certain commodities or grant hardship relief from export controls.

I would prefer to direct my discussion today to some of what I think are mischievous amendments which will be directed at the bill. Mr. Chairman, we have heard some testimony ably presented by the gentleman from Georgia that the bill needs to be tightened up because important technology is escaping this country to be of great assistance to our enemies. I think this committee should know that at least four departments of our executive branch and the Committee on International Economic Policy all testified before our committee that it simply was not true.

The Department of the Treasury, represented by an Under Secretary later to become an Assistant Secretary, made this testimony. The Department of State made the same kind of testimony. And let me quote from Mr. Sonnenfeldt's testimony. Mr. Sonnenfeldt, just lately off of the National Security Council, said:

> I am not aware of any American export to the Soviet Union which in terms of its sophistication and technology could not be acquired elsewhere.

Then we had the Department of Defense in, and a gentleman by the name of Shelds, who is an Assistant Secretary for International Security, made exactly the same kind of statement. He said:

> We have not shipped anything to Russia which would not be available to them if they chose to make the effort to obtain it elsewhere.

Then we got the Department of Commerce in and said:

> Do you allow any of this important technology to escape?

And Secretary Dent said the Department of Commerce had not licensed any technical data to the U.S.S.R. that are not available from other sources or would contribute to their military potential in a way that would be detrimental to our national security. Such policies would be contrary to our policies and the language of the act.

So it seems to me today through the mechanism of the Blackburn amendment that we are having a red herring waved before us. We are being taken advantage of. Through our dislike of the Russian system, we are being taken advantage of.

Mr. Chairman, the committee heard considerable testimony on the subject of national security. There has been criticism that the committee did not heed the testimony of various witnesses in the drafting of this legislation. The criticism has originated from a small minority of the committee. I think that the committee went out of its way to consider the views and arguments so ably represented by my colleague from Georgia.

While I respect his views, I believe that the facts presented to the commit-

tee do not support his position. Four Departments of our Government testified that the existing procedures are satisfactory to protect our country from unwise export of military technology to potential enemies. They also stated that no materials have been sent to Communist countries.

The act gives ample authority to the executive branch, including the Department of Defense, to scrutinize and control the export of strategic goods and technology. In the testimony before the committee, in separate contacts with personnel in the Departments of Commerce and Defense, the Council on International Economic Policy, and the National Security Council, I have found no evidence that the Congress is leaving this situation to chance. Nor that the procedure is a weak one. I think the amendments proposed to tighten the national security sections of this act will cost this Nation dearly in the pursuit of détente with the controlled countries and in achieving better relations with all nations.

Mr. Chairman, the committee bill, I believe, adequately responds to some of the past problems with our export control procedure. Some of my colleagues would like to turn the entire act into something worse than a hybrid of the Burke-Hartke bill and the Trading with the Enemy Act. Considering the fact that this act is also concerned with the questions of short supply and domestic economic stability, that sort of action by this House would be a mistake. I urge my colleagues to oppose the Blackburn substitute and the so-called Jackson amendment, and to support the committee bill.

Mr. ANNUNZIO. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Illinois.

Mr. ANNUNZIO. Mr. Chairman, I would like to ask the gentleman as one of the sponsors of this legislation if he would tell me as briefly as possible how this legislation helps the American consumer? When does the mechanism in the legislation help the American consumer?

Mr. FRENZEL. I thank the gentleman for putting me on a totally different track. However, what the bill does is enable the Secretary of Commerce, after consultation with other groups, to establish export controls when abnormal or unusual foreign demand siphons off American products at a higher price. Unrestricted exports under these conditions drive up the price of the product in the American market so the American consumer has to pay more.

Under these conditions the Secretary or the President can establish controls to keep the products at home and assure a larger supply and lower price, or hold down the price to the American consumer.

Mr. ANNUNZIO. Does this also include strategic materials?

Mr. FRENZEL. It does indeed.

Mr. ANNUNZIO. I thank the gentleman.

Mr. FRENZEL. I thank the gentleman for his contribution.

Mr. MAYNE. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman and I hope he will remember I have a limited time.

Mr. MAYNE. Mr. Chairman, I thank the gentleman for yielding.

I think the gentleman must have misspoken himself when he said the committee bill retains the requirement that exports can be limited only when there is shown to be abnormal foreign demand. It is the fact that this requirement is eliminated which is causing those who are interested in agriculture to be so concerned. That is exactly what we are concerned about. We think your bill leaves out the word "abnormal" and, we want very much to leave it in.

Mr. FRENZEL. The gentleman is correct. He has made an accurate analysis of my statement.

Again, I would like to repeat. There is no security problem. This law has operated for many years and one of its purposes is to protect our security. We want to protect our security, and so do all the agencies who make determinations as to what jeopardizes the country's defense.

The gentleman from Missouri indicated we had inadvertently repealed some law which referred to military procurement. I think, at least my impression is, that that particular law, and I hope I am not mistaken—is unchanged by our action.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLACKBURN. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. FRENZEL. That particular law related to military procurement appropriations which we just passed. The Jackson amendment in the bill just referred to material developed through military appropriations. This bill does not contain that. We do not hurt that bill at all. We simply maintain a system we have had in effect for a long period of time.

Mr. ICHORD. Mr. Chairman, will the gentleman yield on that point?

Mr. FRENZEL. I yield to the gentleman.

Mr. ICHORD. I think the problem arises because the Committee on Banking and Currency, the gentleman's committee, reported out this bill about the same time the Congress adopted Public Law 93-365, therefore the amendment of Senator JACKSON was not taken into consideration by the committee.

Mr. FRENZEL. The gentleman is correct. We did not feel we needed his amendment, and his amendment as it stands on the procurement bill will not be repealed. We think this system is perfectly adequate to protect the country and the Department of Defense.

Mr. ICHORD. I suggest to the gentleman that we have members of the Committee on Armed Services who feel it does repeal the Jackson amendment.

Mr. ASHLEY. Mr. Chairman, I yield 3 minutes to the gentleman from Washington (Mr. FOLEY).

(Mr. FOLEY asked and was given permission to revise and extend his remarks).

Mr. FOLEY. Mr. Chairman, I have great respect for my distinguished friend, the gentleman from Ohio, the chairman of the subcommittee and for all the members of the subcommittee; but it is very clear from the debate that there are many, many Members of this House, who are deeply troubled by this bill.

It is my understanding that another member of the committee, Mr. HANNA of California, will offer an amendment shortly to allow a simple extensions of 2 years until September 30, 1976, of the existing law.

I hope that the members of the committee will support the Hanna amendment, so that there can be further effort to address some of the serious concerns so many members have. The existing law protects the right of the Secretary of Commerce to restrict exports if there is any abnormal foreign demand. As has been pointed out, shortages brought about by abnormal foreign demand is presently a ground for imposing export controls.

Under the terms of this bill, however, controls could be triggered by any foreign demand deemed by the Secretary to have substantial inflationary effects whether such demand were abnormal or ordinary and whether real shortages were threatened or not.

Why are we concerned in agriculture? To give the example, of wheat we will produce this year: 1.8 billion bushels of wheat, three times more bushels than we can use in the United States. Almost a billion bushels should be exported. Wheat markets abroad were responsible, along with other agricultural exports, for realizing $21 billion in sales and a net balance of trade of $11 billion last year.

We have a $9 billion deficit on the nonagricultural side.

It is the agricultural sector of our economy that is responsible for the positive balance of trade last year and that offers some hope that this favorable balance will continue, allowing us to pay for these enormous fuel imports that are expected to total $25 billion this year; we must do everything possible to protect our agricultural exports. They are too major a source of our foreign exchange and are critically needed so that we can meet our fantastic fuel and energy import costs.

I plead with the members of the committee not to adopt language which we believe will seriously threaten agricultural markets abroad. Foreign nations and their people are understandibly sensitive to anything that interrupts their food supplies. Japan has imported over 90 percent of its soybeans from the United States. There, it is human food, and is involved in almost every meal a Japanese family eats.

When we embargoed our soybeans to Japan in July 1973, we threatened to cut off the very lifeline of the Japanese family's food. It caused violent reaction in Japan and threatened all our agricultural markets in that country. Such actions or the fear of such actions will lead inevitably to Japan and other major trading partners seeking other sources of more reliable supply.

This bill will engender such fears. It

could lead to ill advised and dangerous restraints on exports thus weakening our economy and inviting retaliation.

Mr. Chairman, I hope the members of the committee will vote for a 2-year extension of the present act.

Let us take the time to legislate wisely and carefully in this critical area.

(Mr. BLACKBURN asked and was given permission to revise and extend his remarks.)

Mr. BLACKBURN. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. JOHNSON).

(Mr. JOHNSON of Pennsylvania asked and was given permission to revise and extend his remarks.)

Mr. JOHNSON of Pennsylvania. Mr. Chairman, before the House today is a very necessary piece of legislation, H.R. 15264—which would further amend and extend, to June 30, 1976, the authority for regulation of exports.

This authority extends the Export Administration Act of 1969, whereby the President was provided with the authority to prohibit or curtail exports from the United States. The act authorizes the President to delegate his authority to other departments, agencies, and officials of the executive branch; and it has been delegated to the Secretary of Commerce.

The continued control of the export of certain goods is necessary for three reasons—national security, the effective operation of American foreign policy, and a national shortage of some materials and commodities.

The prohibition of the export of highly technological goods is sometimes essential to the continued maintenance of national security. Although relations between the United States and the Communist nations have become considerably more cordial, the United States cannot yet allow unlimited access to strategically useful goods by these nations without endangering its national security. With 14 other countries, the United States participates in an international strategic control system, known as COCOM. The member States of COCOM regulate the trade of certain commodities and advanced technologies which have a significant strategic potential. The commodities which are under the license control of the Department of Commerce for reasons of national security are, with relatively few exceptions, internationally controlled as well through the COCOM structure. Statutory authority to regulate exports is necessary to continued American participation in this international effort.

The prohibition of exports is sometimes an effective device which our Government can utilize to motivate a foreign government to discontinue a detrimental policy. The Export Administration Act permits the Government to prohibit virtually all exports to those countries with whom our relations are unfriendly—North Vietnam, North Korea, and Cuba.

In recent months, we have become well aware of shortages and potential shortages in the United States of certain materials and commodities. Accordingly, the authority to control the export of items which are in short supply is vital—to conserve our natural resources, to combat domestic inflation, and to insure that American industries have an adequate supply of the raw materials which they need in production. H.R. 15264 improves the Export Administration Act of 1969 by requiring that the Secretary of Commerce determine which materials and commodities shall be subject to export controls and develop forecast indixes of the international supply of and demand for such items, so as to be able to impose export controls before serious national shortages develop. The bill also provides procedures by which representatives of an industry can petition the Secretary of Commerce to implement export controls or to remove export controls, if they should prove to be harmful. These three amendments to the Export Administration Act of 1969 should help to make the use of export controls more timely and effective.

The bill now before the House improves the Export Administration Act in another important way. Section 4 of the bill amends the act by requiring American citizens, residents, and firms to report within 60 days to the Secretary of Commerce any written understanding which would be likely to result in the export to a Communist country of American technical data which is not generally available. This would allow the Department of Commerce ample time, which it does not presently have, to make a competent and timely assessment of the implications of a prospective transfer of American technology to a Communist country. Also, the risk that significant strategic technology could be inadvertently and unlawfully leaked to Communist countries would be minimized.

Finally, H.R. 15264 contains two significant statements of American policy. The first, contained in section 1(a) of the bill, would add a new declaration to the Export Administration Act which indicates that it is the policy of the United States to use export controls, when such action would be appropriate, to retaliate against a nation or a group of nations which has unreasonably restricted American access to their supply of a particular commodity. In making known our willingness to use export controls, we discourage other nations from ever attempting such a restriction and lessen the likelihood that export controls shall ever have to be actually used in a retaliatory manner.

The second policy statement, contained in section 1(c) of the bill, would add a new clause to the Export Administration Act which indicates that the United States will attempt to alleviate world shortages of particular commodities by cooperating, whenever possible, with the major suppliers and consumers of such commodities rather than by taking unilateral actions. In a world of ever-growing interdependence among nations, there is indeed no more effective policy than to cooperate with other nations in seeking solutions to problems of a global scope.

The authority to regulate exports remains essential—essential to the security of our Nation, essential to a productive foreign policy, and essential to the health of the American economy. The House should not delay in passing the bill now before it.

Mr. BLACKBURN. Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa (Mr. MAYNE).

(Mr. MAYNE asked and was given permission to revise and extend his remarks.)

Mr. MAYNE. Mr. Chairman, I certainly want to join in the remarks just made by the gentleman from Washington (Mr. FOLEY). He has very clearly pointed out the great need for us to maintain an expanding American agricultural export situation.

U.S. agricultural exports in fiscal year 1973–74 amounted to $21.3 billion. I am proud to say that currently, my own great State of Iowa has a $1.4 billion agriculture export trade business. Agricultural trade contributed a net of $11.8 billion to the Nation's international balance. It is obvious that without agriculture's performance, our overall trade balance the past year would have been far in the red instead of a positive balance of $2.8 billion. Television sets, textiles, oil, aluminum, and other products are pouring into the United States and we are only able to pay for these goods in the international marketplace through our agricultural exports. In addition, many new jobs are created by increased farm exports. For every $100 million increase in grain exports, it is estimated that more than 3,100 jobs are generated in warehousing, transportation, and trade. This means farm exports in 1973 provided over 100,000 jobs off the farm.

These are just some of the reasons we in the agricultural areas are deeply concerned about language in the committee bill which would make it easier to impose export controls on agricultural products. In the committee bill, by removing the word "abnormal," and by eliminating one of the two present demands which are in the present legislation, we will open the door to very serious interference with agricultural exports. When we passed the 1969 act, the congressional intent was very clear, that export controls would only be imposed as a very last resort. Surely the erroneous "$1 loaf of bread" scare by the American Bakers Association last year serves as a vivid reminder of the type of unjustified clamor that we have heard calling for export controls on agricultural products.

It seems to me that the criteria for such a determination should certainly be sufficiently restrictive to preclude hasty and perhaps unwarranted imposition of export controls. Certainly, both the requirements that are presently in the law should be maintained.

First, that export controls to protect the domestic economy can only be applied when there is an excessive drain of scarce materials; and second, in addition to that, when it is to reduce the serious inflationary impact of abnormal foreign demand.

Certainly, these are situations which result from abnormal foreign demand conditions. With a policy designed to let markets work and encourage greater

farm output, American farmers will have no problem meeting normal foreign demand requirements.

I, too, am going to support this motion for a simple extension of the present bill, which has been used since 1969 to control exports where such controls were deemed absolutely necessary. But, I and my colleagues in agriculture are extremely concerned that the committee bill will result in these controls on exports being used to the great detriment, not only of agriculture, but of our entire national economy.

So, I hope that when that amendment is offered, it will have wide support.

Mr. Chairman, I thank the gentleman from Georgia for yielding to me.

Mr. DERWINSKI. Mr. Chairman, in the past year this body has considered extensively the Trade Reform Act, Eximbank loans and various other measures that have dealt in some manner with the trading relationship between the United States and the Soviet Union. Today we consider with this supplement (H.R. 15264) to Congressman ASHLEY's bill probably the most vital aspect of any dealings with the Soviet Union. We are weighing nothing less than our own national survival as it relates to the secure defense and continued economic viability of the United States.

All trade must consist of mutually advantageous agreements. Whether this has taken place in such arrangements as the wheat deal or the transfer of entire productive processes in the form of complete plants is of course highly questionable. Rather than trade, many of our deals really have consisted of aid as we have salvaged the Soviets from their regular agricultural disasters and provided them with the kind of productive efficiency that is stifled under their own ideological strictures. I say aid both because we have not received comparable goods in return and because their purchases have been on credit at abysmally low interest rates in effect subsidized by the American public.

But, Mr. Chairman, as deplorable as some of the previous agreements may have been from an economic point of view, we must take even greater exception to them as they directly threaten our own national interest. To the extent that we prop up or assist the leaders in the Soviet Union, we not only help them maintain their own oppressive regime, but also provide them with a greater capacity to export their totalitarian system. To the extent that the Soviet Union advances technologically and as this is inevitably incorporated into their military operations all Americans become less secure.

Just this week our Commerce Department announced that special export controls would be placed upon the exportation of sophisticated police devices to the Soviet Union. Enormous pressure came to bear upon the Department and the administration when it was revealed last week that numerous pieces of crime detection equipment would be displayed at an exhibit in Moscow and available for purchase by the KGB or Soviet secret police. These numerous devices consisting of voice-print analysis, lie detectors and various new identification systems would be used for "personal surveillance." This properly elicited a horrified reaction from many people. With the recent publication of Alexander Solzhenitsyn's "Gulag Archipelago," nearly everyone has become intimately aware of the pervasive presence of the KGB agents in the lives of Soviet citizens. To provide the Kremlin leaders with more efficient means of suppressing her people would seem almost to make us accomplices in the crimes of this totalitarian regime.

Mr. Chairman, can we now be any less vigilant in protecting our own national security and our economic well-being as we are in manifesting our concern with the plight of political prisoners in the Soviet Union? Should we not be even more concerned about the transfer of technology that increases the capabilities of the Soviet military machine than we are about advanced police techniques for maintaining an Orwellian watch over the Russian people. Is there any reason why we should, through our trade arrangements with the Soviets, do anything that can increase their totalitarian capabilities whether within the U.S.S.R. or abroad? Quite obviously this legislation is vitally needed if we are to close an enormous gap in our strategic and economic national interest.

In a nearly infinite number of instances products and production processes that are currently being allowed to pass to the Soviet Union from the United States clearly portend great dangers for us in the future. For example, through years of research and extensive investment the United States has reached the point of absolute supremacy in the field of computer technology. To a large extent, the United States has been able to maintain a substantial lead in many vital areas of national defense precisely because of our ability to work complicated equations on our most advanced computers. Computer technology underlies the most important work in the strategic area today. Guidance systems in missiles, early warning devices, ABM installations, communications and intelligence operations are just a few examples of areas where a direct correlation exists between computer efficiency and national defense.

In desiring to order certain models of computers from the United States the Soviets have asserted that such equipment will be used for their domestic activities—such as in high school or the production of consumer goods. Computers used to figure out inventory control in a department store can also be used by the military to keep track of their own activities. Moreover, the kinds of advanced computers requested have programing capacities which greatly exceed their alleged innocent purposes. The Soviets quite naturally want to calculate the trajectories on their missiles more than simply fulfill consumer needs more effectively.

Mr. Chairman, we have all become aware of the tragic fact that through the previous sale of computers to the Soviet Union we probably contributed to a reduction of about 2 years in the amount of time the Kremlin needed to develop their MIRV capabilities. Due to this surprising advance in strategic weapons the agreements reached in the SALT I negotiations have been severely compromised. While on the one hand we tried to reduce the arms race we have with the other hand provided the Soviets with the capacity to increase their military capabilities.

Many Members have complained in the past about the amount of money that our Government has deemed fit to spend on the security of this Nation. If we continue to make available to the Soviet Union equipment that promotes their military capabilities then undoubtedly the arms race will continue to spiral our costs upward. Once the United States expends great sums of money in order to achieve technological breakthroughs, it then becomes the height of folly to make such advances available to our adversaries at a small fraction of our own investment.

Despite all of the rhetoric of détente, very few people can observe the evidence of the past year and deny that the leaders of the Kremlin remain devoted to their Communist ideology and that the struggle between them and the nations of the free world continues. The actions of the Soviet Union in fomenting the war in the Middle East last October, promoting and exploiting the oil embargo, and imprisoning scores of other dissidents and in numerous other daily examples provide proof that détente at best means mutual respect and not a harmonizing of political systems or objectives.

We must remain cognizant of our own national interest and security. We must recognize that the adversary relationship between the Soviet Union and the United States continues. This does not mean the rivalry must erupt into military warfare between our two countries. But the absence of direct open conflict between us should not lull us into the false notion that we can deal in our trading relations with the Soviet Union just as we do with any other country in the world. Our own national security must remain our foremost consideration in any agreements with the Soviets. For this reason I believe that it is vitally important that the legislation presently before us become an integral part of the framework of our future commercial relations with the Communist world.

Mr. GAYDOS. Mr. Chairman, I will support the amendment that will be offered by the gentleman from Georgia (Mr. BLACKBURN).

The greatly increased costs for oil imports which this country is experiencing and will continue to experience in the future clearly indicate the need for increased exports to pay for these imports. But in our zeal to increase our exports to acquire the necessary foreign exchange to pay for our costly imports of oil, I am concerned that we will be so preoccupied with the present that we will ignore the long-run impact of our actions.

Because of our needs for increased exports, it is a tantalizing proposition to accelerate our exports to Russia. We have seen our exports to the Soviets increase from $162 million in 1971 to $550 million in 1972 and to $1,189 billion in 1973.

The purpose of the amendment is to require a degree of circumspection in analyzing future trade with Russia and other non-market economies so as to prevent the forfeiture of our position as the leading free world power in order to meet our current international trade problems.

In evaluating the result of our exports to Russia, we must consider the fact that Russia engages in bilateral rather than multilateral trade. What this means is that our exports to Russia will not return to us the necessary capital with which to pay for Middle East oil. Instead, we will receive other raw materials or else a promise of natural gas, ammonia, or other products to be delivered sometime in the future. This will be of no help to us in paying for our oil imports.

I think it is most important that we bear in mind that Soviet strategy is to engage in bilateral trade for the sole object of developing its military and industrial capacity. The policy of multilateral trade, which is followed by the free world countries, is anathema to the Soviets. Multilateral trade is based on the principle of interdependence among the various countries. Accordingly, the currencies of the free world countries are readily convertible from one country to another.

For this reason, we must be on guard and not be deceived into believing that increased exports to Russia are going to aid us in obtaining the necessary capital to pay for our oil imports.

But let us go one step further and see what we will get back for our exports to Russia:

First. Raw materials? Yes, we may import some raw materials that we need but delivery of some of these will come at some time in the future when the value of the dollar will be even less than it is today. But what guarantee do we have that the rulers of Russia at that time will live up to the commitments of the present occupants of the Kremlin? Russia's repudiation of World War I debts as well as its current efforts at chiseling down its World War II lend-lease obligations do not give rise to an overflowing optimism on their fulfilling any current obligations they might undertake.

Second. Finished goods such as automobiles, tractors, and airplanes? Already we read reports on Russian tractors being sold in the United States at prices substantially less than comparable American models. We also read about the export of Russian-made automobiles to Western Europe, and if our aviation industry should be deceived into building aircraft factories in Russia, then what happens to our domestic aviation industry when Russia exports American-designed, Russian-produced planes to the rest of the world, including the United States?

We do not know the clear answer to these questions now, but based on recent history, I am not willing to allow the situation to exist where these questions could arise. The existence of the slave labor force combined with an economy where price has no relevance to actual cost means that the price of Russian exports is determined solely by the need to export in order to improve the military and industrial potential of the Soviet regime.

Third. Technology? While many experts admit that the Russians lead us in certain areas of technology, the fact remains these are in the area of clear-cut military technology. What are the chances that Russia will ever agree to transfer to us this technology? Absolutely none.

But the worst possible development would be that through the export of our sophisticated computer technology, integrated circuits and other highly developed technology, we enable Russia to take a giant step forward and attain absolute worldwide military supremacy. This would be an international disaster for all the countries of the free world, and it is my sincere belief that no member of this House would want this to happen.

But unless we address the potential problems at this time and revise our attitude toward exports, we run the risk that we will end up exporting the freedoms of our own citizens as well as those of other countries in exchange for the repressive regime of Soviet Russia.

Even in the case of exporting agricultural products to Russia, exports which will not come back to haunt us such as sophisticated computers, our recent grain deal cautions us to go slowly. As our former colleague and more recent Secretary of Defense, Melvin Laird, recently stated:

> The Russians bargained the socks off our business people in the wheat deal, and they will bargain the socks off us again on anything else.

This amendment meets these considerations head on, in that it would subordinate the encouragement of exports to the more paramount consideration of the national security of the United States, as well as the protection of the economy from unfair competition from U.S. exports being used in combination with the slave or semislave labor of nonmarket economies. Furthermore, it would make the policy of the United States that of encouraging trade with all market economy countries and friendly nations—except nonmarket economy countries—rather than with all countries with which we have diplomatic or trade relations except those countries which the President has determined trade would be against the national interest. Thus, trade with nonmarket economies would be a secondary consideration and subordinate to our trade relations with the other free world nations.

Finally, this amendment would enable the Congress to regain some of its constitutional power over foreign commerce in that it would require that the decision to initiate or continue existing export controls shall be subject to review and consultation with representatives of certain committees of both the House and the Senate, instead of allowing the decision to be made solely on the recommendation of executive agencies and representatives of private industry. Our future trade policy toward Russia, Communist China, and other Communst satellite countries has such grave ramifications for the future of both the United States as well as our trading partners of the free world that its decisions cannot be based solely on the profit motives of a segment of American industry. It is indispensible that the long-range impact be the sole criterion for such trade, and only the Congress should be charged with such awesome responsibility, responsibility which is mandated to Congress by the Constitution.

I most sincerely urge my colleagues to strongly support this amendment.

Mr. WOLFF. Mr. Chairman, in principle, I support an extension and broadening of the Export Administration Act. I submit, however, that the bill before us today takes only a half-way step toward protecting domestic supplies, particularly from the boom in export demand.

While this legislation broadens the intent of the Act to protect the domestic economy from "the serious inflationary impact of foreign demand" and world shortages of particular commodities, it does not bind either the Secretary of Commerce or the Secretary of Agriculture to insure Americans adequate supplies at reasonable costs. Thus, while this bill openly recognizes the need for monitoring supply and demand, it does not include a mechanism to prevent depletion of our supplies by excessive export demand. This is a particularly serious shortcoming in terms of the availability and cost of our agricultural commodities.

When this legislation was being considered by the Banking and Currency Committee, I testified in regard to legislation I introduced, H.R. 10844, known as the Export Priorities Act, which addresses itself specifically to the problem of uncontrolled exports of agricultural commodities. I introduced H.R. 10844 due to my concern over unconscionably high food prices facing the American consumer and the possibility of severe shortages of certain essential commodities, in particular wheat and feed grains. I felt that this country could not suffer the burden of another Soviet wheat deal, one of the largest, most mismanaged irresponsible and costly export agreements in our history. My export priorities bill would provide for a more orderly market for our food supplies by requiring the Secretary of Agriculture to pinpoint exactly what amount could be exported through a public forecast of domestic supply and need and it would establish an export licensing and allocation system. A public forecast of the supply and demand for all agricultural commodities is essential due to USDA's past track record of miscalculation and due to the responsibility we have, both to the American consumer and needy nations abroad, as a major food supplier. An export licensing and allocation system, lodged with the Secretary of Commerce, is necessary, not only to protect supplies needed for domestic consumption, but to protect traditional markets overseas and new markets that may arise as a result of hardship. It is also essential to prevent repeats of massive, uncontrolled agreements, like the Russian wheat deal.

In contrast to the provisions set forth in my bill, the measure before us today

requires forecasts of supply and demand only for those commodities which are already in short supply or expected to run short. This to me is the type of band-aid approach vigorously opposed by the administration. It is also practically useless for protecting our food supplies. Who would have thought, for instance, that we would have run short of wheat when we harvested the largest crop in history last year? If the administration is not required to forecast supply and demand for all food commodities, we will be compelled to continue to rely on the predictions of the Department of Agriculture, playing guessing games with our most essential commodity.

In addition, this legislation would have us continue to rely on USDA for controlling food exports which are threatened by short supply or inflationary impact. This is the same Department which consistently relies on lifting import quotas deferring announced export sales and juggling figures around, rather than on adopting an intelligent approach to allocating our food supply. This is the same Department which ignored the economic disaster caused by the Russian wheat deal and which ignored the severe shortages of soybeans, cottonseed oil and meal which finally compelled them to adopt hastily contrived export controls that alienated traditional trading partners like Japan.

Mr. Chairman, for a number of agricultural commodities during this crop year, the writing is already on the wall. The July drought in the heart of the grain belt has severely reduced harvest prospects for corn, soybeans, the grain sorghum crop and has further reduced wheat production. Already there is talk of possible shortages and a virtual certainty of increased food costs.

We cannot afford to play guessing games with or misallocate our food supply. We cannot expect the American people to tolerate another year of unprecedented food costs and short supplies.

I do not advocate export controls lightly; since first coming to Congress, I have sought to broaden our free enterprise system and broaden the free market. However, I think we are kidding ourselves in maintaining that a free market situation as regards agricultural exports actually exists when our largest sales have gone to nonmarket states, like the Soviet Union, where unified state monopolies are set up against individual U.S. traders. We do not have a free market situation when massive export agreements benefit few at the expense of many; and we do not have a free market when traditional trading partners are denied access to exports because of scarcity, or because other nations are building up their own stock of food reserves at our expense.

I might add, Mr. Chairman, that the United States is almost alone among the major food producers of the world in not restraining food exports. Canada, Argentina, and Australia have created wheat boards, and these countries plus the Common Market countries have moved to control exports. There are so many unpredictable or difficult to control factors influencing food supplies and prices, like the weather, the availability of fuel supplies, and inflation, surely we should introduce some measure of restraint over those factors, like exports, which we can control.

It is my belief that the Export Administration Act needs some responsible and thorough revision, and not the patchwork we have here. Congress must exact assurances from the administration that the supply of our essential commodities will remain sufficient to meet domestic needs at reasonable costs. From past experience, it is my belief that the only way we will get these assurances is to mandate them by law. It is with this in mind that I will continue to push for consideration of legislation like my Export Priorities Act, which establishes the mechanisms needed to restrain exports of our most vital commodity.

Mr. OWENS. Mr. Chairman, the telling impact of our continuing struggle with inflation was again brought home to the people of Utah by two announcements last week. First, the Department of Labor advised that in July the wage price index for farm products, processed food and feeds rose at the annual rate of 76.8 percent. At the same time, the Department of Labor informed the public that its previous promise of a record corn crop had been shattered by a drought. These developments highlight the importance of the Congress acting quickly and favorably on measures offering a positive means to counter that inflation. H.R. 15264, which amends and extends the authority for the regulation of exports, is such a measure and it deserves our support.

The authority to control exports of commodities demonstrated to be in short supply is becoming of increased importance to our national economy. Indeed, I submit that the authority to preserve adequate supplies for our domestic economy is indispensable as are the roles of the public and Congress in watching over and insuring the effectiveness of that process.

Our current export controls are usually untimely and selected for the wrong products. The decisions are made by Executive order or agency action, not that of the Congress. The unfortunate impact on the American consumer of the Government's handling of exports of wheat, feed grains, logs, lumber, soybeans, cattle hides, fertilizer, and ferrous scrap over the last 2 years makes this only too clear. Unfortunately, I fear the administration's current handling of corn, propane, and other commodities promise to do likewise.

Beginning in the latter part of 1972 and accelerating in the latter part of 1973, unrestricted exports in these several pivotal materials and commodities accelerated the increase in the domestic price of home construction, food, and other consumer products. More important than these, in terms of inflationary impact, were the sales of wheat and food grains to the U.S.S.R. and exports to Japan of softwood logs for ultimate use in home construction.

The conclusions of the Senate Permanent Subcommittee on Investigations in its July 29, 1974, report concerning the grain transactions, point to results which we are now living with in the State of Utah and across the country. The subcommittee found that the sales did have an impact, much greater than Secretary Butz or other Government officials anticipated. The grain sales created a shortage in domestic supplies. This shortage drove up the price of bread and flour-based products. More importantly, the shortage resulted in increases in the price of feed grains. These increases meant it became more expensive to feed livestock. Accordingly, these increased expenses were reflected in the Nation's grocery stores as consumers paid more—substantially more for beef, pork, poultry, eggs, and dairy products.

Not only did the committee condemn the inefficiency and bad judgment for the lack of export controls, but it denounced the extant mechanisms for subsidizing more exports.

Ironically, while domestic consumer groups were urging the Departments of Agriculture and Commerce to control exports or at least institute reporting requirements and forecasting, the Department of Commerce was contending that in order for there to be an application of controls, the commodity in question must be in short supply domestically and at the same time under serious inflationary pressure, with this short supply and inflationary pressure attributable to "abnormal" foreign demand.

What distresses me today is that consumer confidence and probably their pocketbooks are now about to be dealt another blow by inept government administration. Record corn crops were still predicated by the Department of Agriculture even though it had backed off in its estimates before the impact of the drought that now grips the Nation's corn and wheat belts.

At a minimum, the data problem and the unreliability of the Department of Agriculture have been demonstrated. Then there is the matter of commodity speculators, which now include large commodity producers, who dabble in the future's trade. They tend to overreact in anticipation of crop failures, pushing food prices higher. The effects of actual weather impact spells additional trouble because corn is the most important feed ingredient in producing beef, pork, poultry, eggs, and milk. Government economists were counting on a bumper crop this year to end sharply rising food costs. It took last year's food crisis for the public to learn the importance of the fact that feed generally accounts for 60 to 70 percent of the total cost of producing meat poultry, and the like. Putting aside high food prices over the last 2 years due to shortages of wheat and soybeans, corn has a more critical position because unlike soybeans and wheat, increases in corn prices pull up prices of other feeds.

The situation is dangerous. Moreover, for corn, there is still heavy demand from abroad. Only last week Italy ordered 1 million bushels of U.S. corn. International dealers are predicting that as soon as foreign buyers receive the latest estimate on probable U.S. corn production, they will rush to place corn orders fearing eventual U.S. Government action. Meanwhile, other countries continue to order massive quantities of

wheat and soybeans in the face of reduced production forecasts.

There are further inconsistencies within the Government. At the time when congressional committees are concluding that a national export policy is needed to assure adequate domestic supplies on the grounds of nutrition and prices paid by low- and middle-income families, the State Department is urging the President to increase direct food aid abroad to $1.6 billion, which he conceivably could do without consulting the American public or their representatives in Congress.

The people of my State are wondering just at what point the three branches of the Government will gather accurate data, coordinate objectives, and act on it in the public interest. I must admit my doubts in this regard when I see the Department of Commerce raise the export quota for propane about 50 percent while private industry is estimating shortages of propane for the winter. The Department of Commerce admitted that it was using FEA figures and has no idea whether actual exports will go up or down. The bill before us will certainly help.

The bill sent to the floor of the House by the Banking and Currency Committee, not only extends the authority for exports to June 30, 1976, but the bill amends existing law to provide that the Secretary of Commerce, after consultation with technical advisory committees, must develop forecast indexes of the supply and demand for materials and commodities that need to have export controls due to shortages or domestic inflationary impact. The Secretary is authorized to appoint technical advisory committees, composed of industry and government representatives, to evaluate worldwide availability of commodities threatened by inflation or short supply.

With respect to agricultural commodities, the bill specifies that export controls must have prior approval from the Secretary of Agriculture. The legislation also establishes a new petition procedure by which any person representing a substantial segment of an industry may request export monitoring or imposition of controls. The Secretary of Commerce would be required to make a decision within 75 days.

It is the intent of the drafters of this bill that export regulations implementing these policies reflect that foreign demand needs not be the major cause of serious inflation in the price of a commodity as a condition to permit the use of export controls. It is sufficient that such demand be a significant factor in causing inflation in the price.

Export controls, when required, should be imposed in a timely manner, with consideration of the impact of the controls upon sectors of the domestic economy and upon traditional foreign purchasers. Embargoes should be avoided except in extraordinary circumstances and quantitative limitations should be imposed sufficiently early to effectively cushion adverse effects on the domestic economy and at a level that would minimize the disruptive effects on historical supply relationships. Implementation of this policy should be applied on an equitable basis to any product or industry sector on the basis of objective economic criteria.

Although short supply control decisions affect a wide variety of domestic interst groups, including the general public, consultation on export controls in the past has been largely limited to the views of commodity exporters and has excluded domestic interest groups ranging from producers to consumers. Economic groups affected by supply shortages should be involved. Under this bill they will be.

Finally, I agree with the committee when they point out that a principal objective of monitoring and control activity, in addition to avoidance of shortages and mitigation of the effects of unavoidable shortages, should be deterrence of disruptive speculative market behavior likely to give rise to a need for export controls. Consequently, the manner in which export licenses are allocated should function as a disincentive to disruptive market participation. Such behavior is one of the reasons that I have also urged the adoption by the House of the excellent Commodities Exchange Act reported by the Senate Agriculture and Forestry Committee.

Some argue that export controls are alien to free enterprise principles. I believe that this is not always the case. The remedies of international trade are such that even in normal times international markets are anything but perfectly competitive due to Government regulations, tariffs, quotas, and so forth. Monetarists, particularly international monetarist, theories which assume such an existing perfectly competitive international market are, to that extent inherently unrealistic and can only aggravate present conditions.

For these are not normal times. Inflation, by any definition, identifies distortive and dislocation developments at work in markets. Measures neutralizing these elements are necessary before measures predicated on normal market conditions can be validated. It is therefore perfectly consistent with free enterprise and antitrust principles to advocate select export controls consistent with the objective of reducing shortages/increasing supplies and thus attenuating demand. This legislation before us, H.R. 15264, will I hope insure the timely but thoughtful and impartial application of export controls to the right commodities and products. As such, it will be an integral part of a national anti-inflation program.

The CHAIRMAN. The Clerk will read.

The Clerk reads as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) paragraph (2) of section 3 of the Export Administration Act of 1969 (50 U.S.C. App. 2402(2)) is amended by striking out "and" immediately before "(C)" and by inserting immediately before the period at the end thereof the following: ", and (D) to the extent appropriate to retaliate against a nation or group of nations which have unreasonably restricted United States access to their supply of a particular commodity".

(b) Section 3(2)(A) of the Export Administration Act of 1969 is amended by striking out "and" and inserting in lieu thereof "or" and by striking out "abnormal".

(c) Paragraph (3) of section 3 of the Export Administration Act of 1969 is amended by striking out "and" immediately before "(B)" and by inserting immediately before the period at the end thereof the following: ", and (C) to deal with world shortages of particular commodities, whenever feasible, through international cooperation with the major suppliers and consumers of such commodities, rather than by taking unilateral actions".

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. HANNA

Mr. HANNA. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. HANNA: Strike out all after line 2 on page 1 and insert in lieu thereof the following:

Section 16 of the Export Control Administration Act of 1969 is amended by striking out "1974" and inserting in lieu thereof "1976".

(By unanimous consent, Mr. HANNA was allowed to proceed for 5 additional minutes.)

The CHAIRMAN. The gentleman from California is recognized for 10 minutes in support of his amendment.

Mr. HANNA. Mr. Chairman, I thank the Chair and the House for the courtesy.

It is not easy for me to take the well in the particular matter that I am found with here today because I have labored hard along by the side of the chairman of the subcommittee in trying to bring legislation to some real problems that exist in the area of the mixture of our economic problems and our export policies. I supported the bill in the subcommittee, and with some exception, the bill that is before us when it was before the full committee.

I tell the Members, as I reflect upon my experience here in the House and in other legislative halls, I have found that when we are going to deal with a matter that cuts across competing interests and is a matter of extreme importance, we must arrive at a consensus in order to have meaningful legislation.

It is obvious that we have not arrived at a strong consensus. Therefore, what happens? If we bring legislation—and the Members and I have seen this happen time and time again—if we bring legislation to this floor without a strong consensus, that legislation leaves the floor looking like a lace curtain. It is the worst way to provide legislative guidance in a very complex, important field.

It was my feeling, therefore, after discovering where some of the concerns existed and the reality of those concerns, that the best thing we could do at the present moment would be to go ahead and extend the law. Let us do this on a simple, straight basis and keep it clean because if we do not do that, we will have to accede to one special interest as against another special interest, and we will end up with a kind of small Christmas tree arrangement.

If we will make up our minds here that this is an area in which we have to bring a greater and wider concern to bear upon the problem, I think that we

can, as the representatives of the people, do a much better job for all of the interests of all the people.

It is not good to set up legislation which puts the consumer against the farmer or puts the manufacturer against the farmer or puts the consumer against the manufacturer. If we are going to have legislation which affects one part, the important part, of our economy, and if we make a point of pitting one against the other, then I suggest to the Members that we should stop to think soberly that perhaps we are not pursuing the right course.

Let me emphasize that at the present time the phenomenon that is now being visited upon us from the world scene is brand new. It is something that has never occurred in the lifetime of any American at any stage of history, or for that matter, to any citizen of the world, wherever he might be.

This is to suggest that some of the things that we are concerned about are deriving from conditions of first moment, and that also should give us pause. We need more time to be sure we, first, really know what is happening and, second, that our efforts to affect what is happening is constructive and effective. Right now we cannot be sure of either.

Let me suggest that one of the things that has bothered me for the last 4 years has been the fact that the United States does no have a clearly enunciated, well defined policy for international trade. The United States does not have a well described or a well arrived at policy about technology transfer.

How many of the Members of this House have read the excellent report from the subcommittee chaired by the gentleman from Wisconsin (Mr. ZABLOCKI) on this problem of technology transfer? How many of the Members sitting here have read the excellent report from the hearings held by the Subcommittee on Science on technology transfer?

Mr. Chairman, we are just beginning to develop the broad base for the necessary information that this House should have that we can act intelligently on the long-range interests of the United States in this whole new world economy.

Where is the mechanism available in this administration, in any agency of this Government, for getting the data, the information about the interplays between the various economies so that we will know and so that we can make decisions about what the requirements are for world markets as against what the requirements are for domestic markets, and what the available basic materials are to support our industrial activities as against the demands for the output of our activities?

Where do we have solid, dependable, observable information?

This is something that this administration has a great opportunity to start, along with an effort to arrive at an expression of a sensible international trade policy, which does not now exist.

Against that framework, we can then make decisions. We have no framework of reference available to us now to be sure that we are doing what is right and sensible.

Yes; the present law perhaps needs some strengthening. Yes; perhaps it does not address, as strongly as some of us might require, the concerns we have, whether those concerns are about the relationship between our country and the Soviet countries or whether that concern is for the farmer and his ongoing markets; or whether the concern is for the consumer and his having availability to the basic things he needs in life.

Mr. Chairman, I can understand those concerns. But I am just saying that this House today, under the existing circumstances, is not the place, the time, or the method to arrive at a sound and predictably sensible answer that will serve the needs that are expressed in these concerns.

That is why I am suggesting that we back off and "cool it," in a sense, and have the benefit of a cross-pollenization in this House so that we do have a very sound input from agriculture as to its interests, and so that we have a sound input from all of the elements regarding security and their concerns.

Just so the Members will understand the present law, let me remind them that not only is it true, as some Member suggested—I think it was the gentleman from Minnesota (Mr. FRASER)—that we have the testimony of the Department of Defense, the Department of State, and the Department of Commerce to the effect that at the present time they did not see any serious erosion in our position of security nor any flows of very important technical matters associated with our security that were being demonstrated under the present act, but let me assure the Members that there are some very strong authorization provided in the present Export Control Act. These powers are exercised by a review board which includes the Secretary of Defense. This review board decides on the issuance of a license to export which is the first point of control—and the most important step.

There are a series of questions by a review body, a mixed panel, and I will just read a few of the questions.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. HANNA. Let me finish this particular point.

They ask questions such as:

What is the normal use in the United States and elsewhere in the free world?

Of course, this is on a commodity that is being licensed, and this is the first step where you get a license.

Another question:

Is the item designed for military purposes? Is the intrinsic nature of the commodity or data such as to make it of significant use to the military?

If the item has both military and civilian uses, is the intended end-use peaceful in nature?

Is the prospective foreign end-user engaged in peaceful or military-oriented work?

Does the item incorporate advanced or unique technology of strategic significance that could be extracted?

Is there a shortage of the item in the area of destination that affects the military potential?

Are comparable commodities or data available to the country of destination outside the United States? If COCOM controlled, are they available outside the COCOM countries?

This review, I think taken in conjunction with the Department of Defense and other agencies, amply assures that the national security of the United States is being properly protected. In fact, there are representatives from many different agencies and departments and, in fact, there is even a representative from the CIA.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. ROUSSELOT, and by unanimous consent, Mr. HANNA was allowed to proceed for 2 additional minutes.)

Mr. HANNA. I thank the gentleman for the additional time, and I yield to the gentleman.

Mr. ROUSSELOT. Would the gentleman explain to us the effect of his amendment on the Reuss amendment that was passed in committee, which would put this agency and this law, part of it, under the budget control?

Mr. HANNA. The effect of my amendment would be to maintain the law in its present form. To the extent that the amendment the gentleman referred to changed the present law, by the bill that is now before us, it would not be operative if my amendment passes.

Mr. ROUSSELOT. Would the gentleman be receptive to the reintroduction of that concept?

Mr. HANNA. The gentleman has already expressed his feelings, and that is that, given the time of day and the temper of this House, the best thing we can do at the present time is to pass a simple extension. And I hope we will do it.

Mr. REES. Mr. Chairman, if the gentleman will yield, I was going to state that the budget control amendment that the gentleman from Wisconsin (Mr. REUSS) offered, was to the export-import bill, the export control is under the Department of Commerce, and the Department of Commerce is under the regular budget.

Mr. HANNA. Let me conclude by saying that I hope that the committee will accept this very simple approach, that we can with some confidence go ahead and extend the law for 2 years. We are in a lot of trouble, but let us be sure we know what the dimensions of those troubles are, and that we are sure of the dimensions of that which is being proposed.

I do not think we can arrive at a decision between now and 9 o'clock, or however long we want to stay this evening.

AMENDMENT OFFERED BY MR. BLACKBURN AS A SUBSTITUTE FOR THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. HANNA

Mr. BLACKBURN. Mr. Chairman, I offer an amendment as a substitute for the amendment in the nature of a substitute.

PARLIAMENTARY INQUIRY

Mr. REES. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. REES. Mr. Chairman, my parlia-

mentary inquiry is this: My understanding is that the amendment that has been offered by the gentleman from California (Mr. HANNA) is in the nature of a substitute, and therefore if the amendment offered by the gentleman from Georgia (Mr. BLACKBURN) is also in the nature of a substitute, I would question whether it would be permissible.

The CHAIRMAN. Does the gentleman from Georgia offer this as a substitute amendment for the amendment offered by the gentleman from California (Mr. HANNA)?

Mr. BLACKBURN. Yes; I do, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. BLACKBURN as a substitute for the amendment in the nature of a substitute offered by Mr. HANNA: Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "National Protection Act".

SEC. 2. Section 2 of the Export Administration Act of 1969 (50 U.S.C. App. 2401) is amended by striking out paragraphs (3) and (4).

SEC. 3. Section 3 of the Export Administration Act of 1969 (50 U.S.C. App. 2402) is amended—

(1) in paragraph (1) thereof by striking out "countries with which we have diplomatic or trading relations, except those countries with which such trade has been determined by the President to be against the national interest" and inserting "market economy countries and friendly nations (except nonmarket economy countries)";

(2) in paragraph (2) thereof by inserting "unfair competition or" immediately before "the excessive drain", by striking out "significantly", by striking out "and to fulfill its international responsibilities", by striking out "and" immediately before "(C)", and by inserting immediately before the period at the end thereof the following: ", and (D) to the extent appropriate to retaliate against a nation or group of nations which have unreasonably restricted United States access to their supply of a particular commodity";

(3) in paragraph (3) thereof by striking out "and" immediately before "(B)" and by inserting immediately before the period at the end thereof the following: ", and (C) to deal with world shortages of particular commodities, whenever feasible, through international cooperation with the major suppliers and consumers of such commodities, rather than by taking unilateral actions";

(4) in paragraph (5) thereof by inserting "either military or economic potential of those governments which may threaten the security or economy of the United States or which has the effect of furthering or supporting" immediately after "furthering or supporting";

(5) in paragraph (6) thereof by striking out "representatives of appropriate United States Government agencies and qualified experts from private industry." and inserting "two members (who may not be from the same political party) of each of the following committees: the Committee on Armed Services of the House of Representatives and the Committee on Armed Services of the Senate, the Committee on Banking and Currency of the House of Representatives and the Committee on Banking, Housing and Urban Affairs of the Senate, the Committee on Internal Security of the House of Representatives and the Committee on the Judiciary of the Senate, the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Commerce of the Senate, and the Committee on Science and Astronautics of the House of Representatives and the Committee on Aeronautical and Space Sciences of the Senate."; and

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

"(7) It is the policy of the United States that the encouragement of exports is a secondary consideration and that the primary concerns of the United States are national security considerations and considerations regarding possible harm to the American economy from unfair competition arising out of United States exports used in combination with slave and semislave labor within nonmarket economy countries.".

SEC. 4. Section 4 of the Export Administration Act of 1969 (50 U.S.C. App. 2403) is amended—

(1) by amending subsection (a) to read as follows:

"(a) The Secretary of Commerce is authorized and directed to carry out this Act and to effectuate the policies enumerated in section 3.";

(2) by striking out subsections (b) and (d);

(3) by redesignating subsections (c) and (e) as subsections (b) and (c) respectively; and

(4) by adding at the end thereof the following new subsection:

"(d)(1) The Congress finds that the defense posture of the United States may be seriously compromised if the Nation's goods and technology are exported to a controlled country without an adequate and knowledgeable assessment being made to determine whether export of such goods and technology will significantly increase the military capability of such country. It is the purpose of this section to provide for such an assessment and to authorize the Secretary of Defense to review any proposed export of goods or technology to any such country and, whenever he determines that the export of such goods or technology will significantly increase the military capability of such country, to recommend to the President that such exports be disapproved.

"(2) Whenever a request for a license or other authority is required by any person to export any goods or technology to any controlled country, the appropriate export control office or agency to whom such request is made shall notify the Secretary of Defense of such request, and such office may not issue any license or other authority pursuant to such request prior to the expiration of the period within which the President may disapprove such export, or prior to the expiration of the period within which the Congress may disapprove an action of the President, if applicable. The Secretary of Defense shall carefully consider all notifications submitted to him pursuant to this subsection and, not later than thirty days after notification of the request, shall—

"(A) recommend to the President that he disapprove any request for the export of any goods or technology to any controlled country if he determines that the export of such goods or technology will significantly increase the military capability of such country;

"(B) notify such office or agency that he will interpose no objection if appropriate conditions designed to achieve the purposes of this Act are imposed; or

"(C) indicate that he does not intend to interpose an objection to the export of such goods or technology.

If the President notifies such office or agency, within thirty days after receiving a recommendation from the Secretary, that he disapproves such export, no license or other authorization may be issued for the export of such goods or technology to such country.

"(3) Whenever the President exercises his authority under this subsection to modify or overrule a recommendation made by the Secretary of Defense pursuant to this section, the President shall submit to the Congress a statement indicating his decision together with the recommendation of the Secretary of Defense. The Congress shall have a period of sixty calendar days of continuous session of both Houses after the date on which the statement is transmitted to the Congress to disapprove the action of the President by adopting a concurrent resolution disapproving the application for the export of such goods, technology or techniques.

"(4) In determining whether the export of any goods or technology to any controlled country will significantly increase the military capability of such country, the Secretary of Defense shall take into account all potential end uses, and the likelihood of an end use other than the end use indicated by the applicant for the export of such goods or technology.

"(5) Effective on July 1, 1974, the removal of any category of goods or technology requiring an export license or other authorization shall require the approval of the President.

"(6) The President is authorized, on behalf of the United States, to agree to any modification of the so-called COCOM international lists (or interpretations thereof) if he determines that such modification would not result in a significant increase in the military capability of any controlled country.

"(7) As used in this subsection—

"(A) the term 'goods and technology' includes but is not limited to—

"(i) machinery, equipment, durable goods, and computer software;

"(ii) any license or other arrangement for the use of any patent, trade secret, design, or plan;

"(iii) the so-called know-how or knowledge of any individual, firm, corporation, or other entity;

"(iv) assistance in planning and joint venture arrangements; and

"(v) arrangements under which assistance is provided in developing a manufacturing capability, including so-called turnkey arrangements;

"(B) the term 'export control office' means any office or agency of the United States Government whose approval or permission is required pursuant to existing law for the export of goods or technology; and

"(C) the term 'controlled country' means the Soviet Union, Poland, Romania, Hungary, Bulgaria, Czechoslovakia, the German Democratic Republic (East Germany), and such other countries as may be designated by the Secretary of Defense.

"(8) The Secretary of Defense shall submit to the Congress a written report on his implementation of this section not later than thirty days after the close of each quarter of each fiscal year. Each such report shall, among other things, identify each instance in which the Secretary recommended to the President that exports be disapproved and the action finally taken by the Executive branch on the matter.

"(9) Whenever the President exercises his authority under subsections (5) and (6) he shall, having first solicited the recommendation of the Secretary of Defense, transmit his decision, together with the recommendation of the Secretary of Defense, to the Congress. The review and disapproval provisions of subsection (3) shall be applicable to actions taken under subsections (5) and (6).

"(10) The authority granted to the President in paragraphs (3), (5), and (6) shall be nondelegable."

SEC. 5. (a)(1) The first sentence of section 5(a) of the Export Administration Act of 1969 (50 U.S.C. App. 2404(a)) is amended by inserting immediately before the period at the end thereof the following: ", and from two members (who may not be from the same political party) of each of the following committees: the Committee on Armed Services of the House of Representatives and the Committee on Armed Services of the Senate, the Committee on Banking and Currency of the House of Representatives

and the Committee on Banking, Housing and Urban Affairs of the Senate, the Committee on Internal Security of the House of Representatives and the Committee on the Judiciary of the Senate, the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Commerce of the Senate, and the Committee on Science and Astronautics of the House of Representatives and the Committee on Aeronautical and Space Sciences of the Senate".

(2) The second sentence of such section 5(a) is repealed.

(b)(1) The first sentence of section 5(b) of the Export Administration Act of 1969 (50 U.S.C.-App. 2404(b)) is amended by inserting ", except in cases which involve national security or threat to the national economy, or both" immediately before the period at the end thereof.

(2) The second sentence of such section 5(b) is repealed.

(c) Section 5(c) of the Export Administration Act of 1969 (50 U.S.C. App. 2404(c)) is repealed.

SEC. 6. Section 14 of the Export Administration Act of 1969 is amended by striking out "1974" and inserting in lieu thereof "1977".

Mr. BLACKBURN (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

(Mr. BLACKBURN asked and was given permission to revise and extend his remarks.)

Mr. BLACKBURN. Mr. Chairman, the gentleman from California (Mr. HANNA) just made a very persuasive argument that perhaps the amendments that are being offered here will not be given sufficient time for consideration by the House, and perhaps we should adopt a simple extension of the existing law. But, Mr. Chairman, let me reemphasize again that the functioning of the present law is not an effective functioning. We are seeing a tremendous outflow of American technology and American capital goods for production of war goods in some instances. A 10-ton truck can haul troops from the front as easily as it can haul corn crops or potatoes from the fields.

But I think the most important thrust of this amendment that I am offering today from our standpoint, from a legislative standpoint, is the substitution of Members of Congress for these trade councils of industry personnel who are today making the recommendations to the Secretary of Commerce for the approval or disapproval of licenses for the export of American goods.

As I understand the Constitution, the original duty, the original responsibility for the regulation of commerce among the nations rests with the Congress. We had a great deal of talk in recent—I was going to say weeks or months, but maybe hours might be more appropriate, about the degree to which the Congress has delegated its responsibilities to the Chief Executive, about the misshaping of our American system of government by the constant erosion of congressional power where the Congress has voluntarily given away one sphere of its authority after another until today we are little more than a responsive body to the Chief Executive.

My amendment puts the Congress back in a very active role in the regulation of Congress as it relates to the export of American technology on American capital business, and I think that is where Congress belongs.

I agree with the gentleman from California. Maybe we are emerging into a new era of knowledge and understanding as to just where we are in relation to other countries and the other nations' needs for technology and farm goods, or what-have-you. But let me suggest this, that the Members of Congress, because of their need and their responsiveness to their constituents, are probably going to be far more alert to meeting the true needs and the true demands of the American public than will the bureaucrat who is totally insulated from the elective process.

I, for one, do not shirk from the responsibility of being involved in the approval process of export licenses. I think we should be more directly involved. Then if the American public wants to complain about the kinds of goods that are being exported, they can come to the Members and to me, and we have to answer to them every 2 years. And I suspect they will find far more responsive answers from the Members and from me than they will ever find from the bureaucrats in any agency of the Government.

So, Mr. Chairman, I have in "Dear Colleague" letters, signed both by myself and many of my colleagues, outlined the purpose of the National Protection Act which was originally sponsored by my colleague, the gentleman from Pennsylvania (Mr. DENT) and myself. We have outlined in correspondence how we expect the bill to operate and what our purposes are, and I see no need to belabor it with a great deal of debate at this point.

I think it is an entirely proper vehicle for the Congress once again to reestablish itself in an active role as an active mechanism in the regulation of the commerce in the United States and the exports of the United States.

Mr. Chairman, I yield back the balance of my time.

Mr. ICHORD. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Georgia primarily because it writes into the Export-Import Control Act section 709 of Public Law 93-365, which is referred to as the Jackson amendment, which is the place where the Jackson amendment should be.

I support the amendment because as the gentleman from Georgia has pointed out the present procedures to protect the national security of this country are not working and this is the time that Congress should review the functioning of the Export Control Administration Act.

When Director Colby of the CIA appeared before the Armed Services Committee, of which I am a member, his very first words were these:

Détente does not mean that the Russians have had a change of heart.

Later on Secretary Schlesinger appeared before the committee and he said substantially the same thing. He said:

Détente does not mean that the Russians have changed their objective.

Still later Secretary Currie, Secretary of Research and Development appeared before the Armed Services Committee and testified at length. He said:

Détente means that the Russians are going after our technology.

I strongly support the policies of our Secretary of State, Secretary Kissinger. Détente to me means a relaxation of tensions between two powers. I think we do need a relaxation of tensions between the United States and the Soviet Union but I feel very greatly that many Americans and many Members in this House and particularly many employees of the executive agencies have a different meaning of détente than does Secretary Kissinger, because I have heard Secretary Kissinger say that he agreed with Secretary Schlesinger that the Russians are going after the technology held by the United States.

Dr. Currie pointed out that the superiority of the United States lies in technology which is spread throughout our entire industrial base, that is the ability to conceive and fashion a given weapon system and then produce it in large numbers. This is the technology and industrial techniques which the Soviet Union is going after.

This amendment offered by the gentleman from Georgia will definitely make effective section 709 proposed by Senator Jackson.

I would point out to the gentleman from Ohio that in the past several months there have been 46 applications for export licenses, 46 COCOM exception requests that have been approved even though they were opposed by the Department of Defense. If the amendment offered by the gentleman from Georgia is adopted we will have the Secretary of Defense reviewing each application to ship goods and technology to a COCOM country and make a determination as to whether it will significantly increase the military capability of the recipient country.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent Mr. ICHORD was allowed to proceed for an additional 3 minutes.)

Mr. ICHORD. Discretion is still retained in the President of the United States. He can overrule the objection of the Secretary of Defense, but if he does so, the matter then comes to Congress where Congress will have the opportunity to look at this veto by the President to see if they want to restore the objection of the Secretary of Defense.

Now, this is the first time that we have ever set up any procedures giving Congress some voice over these matters. For this reason I certainly agree with the gentleman from Georgia. This is the time to establish the policy. The present procedures are not working. This procedure established by the gentleman from Georgia and the gentleman from Pennsylvania (Mr. DENT) will give Congress

some say-so. It will give Congress 60 days by which they can disapprove the overriding of the recommendations of the Secretary of Defense.

I think this is the proper procedure that we should use in approaching these difficult matters of trade with the Soviet Union. I submit it will still give Secretary Kissinger the flexibility that he needs in order to promote détente with the Soviet Union.

In the last few years there has been a dramatic paring of the list of items which are subject to export control. In spite of this paring the number of requests for export licenses has risen sharply and continues to rise. Because the interest of the Soviet Union and its allies is not so much in our products, but in the technology which is embodied in those products and which is used to make those products, many of these requests for export licenses involve areas of U.S. leadership which are important to our military posture. Many of them have been developed as a direct or indirect result of research and development programs or procurement programs financed by the Department of Defense.

Let me now bring to your attention some specific examples of things that the Soviet bloc nations are attempting to purchase. Computers play an important role throughout the entire defense establishment. The best estimate currently available from the Commerce Department's own independent technical advisers is that we are at least 10 years ahead of the Soviets in computer capability, and that they show no signs of closing the gap. Five years ago they were also 10 years behind us.

In the middle of the 1960's the Soviet Union decided to build its own family of third generation computers, an almost exact copy of the IBM "series 360" computers. The original Soviet goal was to begin production in 1970, and to produce 12,000 to 15,000 third generation computers during the ninth 5-year plan—1971–75. As of today, however, they have produced less than 100 and almost all of these are of the smallest type. Without substantial Western assistance, the Soviets will probably not be able to produce more than 1,000 computers of this type by the end of 1975, almost all of these will be, once again, of the smallest model. It seems unlikely that the Soviets can meet their 1975 goal before 1980, at the earliest. IBM introduced the 360 series in 1964 complete with software, peripherals, and maintenance capabilities beyond anything the Soviets are presently close to having.

There is only one way the Soviet Union can hope to close the widening gap in computer technology, and that is for us to give them the technology. One of our largest computer companies recently signed a protocol of intent with the Soviet Union which calls for the joint development of a new generation of large high-speed computers. This protocol also calls for the American company to create a new plant in the Soviet Union for the manufacture of the most modern peripheral devices. This plant, if built, would be one of the largest in the world. The ventures called for in this protocol—and there are many other parts of the proposal—would move the Soviet Union from a place 10 years behind the United States to one of world leadership in computers.

Let me turn now to integrated circuitry. The largest single problem the Soviets face in moving into volume production of third generation computers is their inability to produce sufficient quantities of reliable integrated circuits. Integrated circuits are critical components in almost all of our high-technology military systems. They were first developed for the Minuteman missile program, largely with research and development funds appropriated for the Air Force in bills such as this one. Until 1967 the vast majority of all integrated circuits produced in this country went into military systems. It is important to realize that the technology of integrated circuits lies not in the circuits themselves, but in the production line on which they are produced.

About a year and a half ago one of our largest manufacturers of integrated circuits signed a contract with one of the countries of the Soviet bloc to set up a complete turn-key production line to make metal oxide silicon—MOS—integrated circuits for hand calculators. This contract also calls for this American company to transfer any new knowledge and techniques that are developed for the production of these circuits within the next 5 years. The production for integrated circuits for hand calculators sounds like an ordinary commercial transaction. But these types of integrated circuits have significant military and strategic applications. Within the next 10 years the electronics used in our weapons systems will be dominated by a form of MOS technology directly derived from today's base. This technology will become more and more attractive for military systems because it consumes very little power and permits a maximum number of electronic functions in a given space. Approval of such a plant would have far-ranging impact in areas such as strategic missile accuracy, cryptologic activities, and antisubmarine warfare.

Because of the active advocacy of this proposal by one of the Government departments, it was more than a year and a half before the Commerce Department finally turned down the application for export. It was, in fact, turned down only in the last few weeks. The argument for exporting this plant was based partly on the idea that the plants had no real military potential—even though the Defense Department strongly argued otherwise. Fundamentally, supporters of this plan claimed that the integrated circuits produced would be used only in civilian-type calculators—as if an American company could somehow control the end use of the products of a plant located behind the Iron Curtain.

This sort of argument about end-use controls may seem absurd to you, as it does to most technical specialists, but it is the basis on which most of high technology to Warsaw Pact nations are allowed to proceed. That is, it is very often agreed that if we could not control its end use, the military implications of giving a particular high technology to the Communists would be unacceptable because of its military potential. Nevertheless, such items are exported on the basis that we can indeed control their end use.

An elaborate, expensive, time-consuming system has been set up in which Communist buyers of equipment have to sign a paper saying that they will not use the products for other than the intended use, as if such a signature could possibly make any difference. But such "end-use controls" do not restrict the Communists; they only delude us into thinking that we can export technology of significant military use to the Communist nations and still be assured that they will use it only for peaceful purposes.

It is the intent of this provision in section 709 of Public Law 93–365 that while the Secretary of Defense is determining whether the export of goods, technology, or techniques will significantly increase the military capability of a Warsaw Pact nation, he will give no special weight to the claimed end use, regardless of what papers the Communists have signed, but will assume that once goods, technology, or industrial techniques are behind the Iron Curtain they will be used for whatever purposes, including military purposes, the Communist nations desire to use them for.

Until the enactment of section 709 of Public Law 93–365, the Secretary of Defense played no legal role in determining which items of technology could be exported to the Soviet bloc. In practice, the Department of Defense frequently serves as an advisor to the Commerce Department in such matters. Because of the intense Russian interest in acquiring our most advanced technology, because of the already large and rapidly growing volume of applications for licenses to export high technology, because governmental expertise in these matters resides overwhelmingly in the Department of Defense, and because of the responsibilities of the Secretary of Defense in safeguarding our Nation, it is important that we strengthen the role of the Secretary of Defense in reviewing the proposed export of goods, technology, or industrial techniques to Soviet bloc nations whenever he has sound reasons to believe that the export of such goods, technology, or techniques will significantly increase the military capability of such a country.

It is for these reasons that I believe it is absolutely imperative that we retain in the statutes the provision of law recently enacted by the Congress in Public Law 93–365, which gives the Secretary of Defense an opportunity to make his views known in the highest circles of Government before any of our technology which will enhance the military capability of the recipient nation, can be exported from our country. I submit that if section 6 of H.R. 15264 is not amended by the Blackburn amendment or some other amendment, section 709 of Public Law 93–365 will be repealed. This must not be permitted to happen. I urge the committee to support the Blackburn amendment.

Mr. KOCH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment of my good friend, the gentleman from Georgia (Mr. BLACKBURN). We serve on the same committee. I think that we have the same ultimate goals and those goals are to extend liberty and democracy and freedom all across the world, wherever possible, and to use the best peaceful mechanisms to do that.

I think that the amendment that the gentleman proposes goes too far, because I believe it will not accomplish the purposes that we both have in mind. I do not think it is helpful to have as established policy, which is in effect what his amendment would do, that it is no longer our policy to engage in trade with Communist countries.

Mr. BLACKBURN. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from Georgia.

Mr. BLACKBURN. I think there is an effort being made inadvertently to misread the purpose of my amendment. I am all for trade. Anything that we can sell the Soviet that has no military value and does no harm to this country, I would be glad to sell to them. In fact, I would prefer to sell to them for cash.

I am simply saying our present policies are not as restrictive as they should be, so I do have to object to the language that says I am opposed to trade. That is not the purpose of my amendment.

Mr. KOCH. Mr. Chairman, I do not doubt what the gentleman has just expressed is what the gentleman intends; but I do not believe that is what the amendment does. I believe the language of the amendment indicates that it is our purpose to have diplomatic and trade relations only with marketing countries and friendly nations. In fact, if we read it through, the implication is that it is not our intention to have such relations with what we term nonmarket countries and those we do not consider to be friendly nations.

Now, I happen to be someone who does not have any sympathy for the Soviet Union for a whole host of reasons; the basic reason being that it is a totalitarian country and I deplore totalitarian countries for what they do to their own peoples. I also believe that the Soviet Union is a military threat to other countries.

I do not take that country's position vis-a-vis the Democratic countries in this world lightly. As I said I consider the U.S.S.R. to be a threat, but what I am saying is that what we should do is approach this in a reasonable way. I do not believe it is reasonable, for example, to cut off all trade with the Soviet Union, and the satellite Communist countries such as Poland, Romania and Yugoslavia.

I suspect, based on what my good friend from Georgia (Mr. BLACKBURN) has said, that he does not believe that would be reasonable either. But, what he is saying is that he wants to cut off certain trade with the Soviet Union.

I believe what we should do is approach this matter in such a way as to accomplish our goal. Our goal is to compel the Soviet Union, by world opinion, by pushing here and pushing there in an economic and peaceful way, to do some of the things it would not otherwise do, always recognizing that if we push too hard, the danger lies that we will defeat our ultimate goal.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, as I understand the gentleman in the well, he is concerned that the amendment of the gentleman from Georgia may remove the flexibility of the executive in dealing with the Soviet Union and enhancing détente.

What particular language in the amendment is the gentleman concerned with? I cannot see that language which unduly restricts the flexibility of the executive.

Mr. KOCH. The language I have particular reference to is—and I hope that the numbers I am now reading relate to the ones in the bill, but I am now reading from the gentleman's original bill, which is in fact the amendment:

(1) in paragraph (1) thereof by striking out "countries with which we have diplomatic or trading relations, except those countries with which such trade has been determined by the President to be against the national interest" and inserting "market economy countries and friendly nations (except non-market economy countries)".

The thrust of that amendment is what I have said it to be.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. KOCH. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I think the change of the amendment which is so difficult is that it gives the Secretary of Defense a veto over the President.

Mr. KOCH. I agree with the gentlemen. There is a second area which I want to get into.

The CHAIRMAN. The time of the gentleman from New York has expired.

(By unanimous consent Mr. KOCH was allowed to proceed for 3 additional minutes.)

Mr. KOCH. Mr. Chairman, my second point is this: the principal thrust of this section of the amendment is the implication that the execuive agencies, including the Department of Defense, are incompetent to assess high technology products in terms of national security. This amendment would establish a framework in which a small number of Members of the Senate and House, including such unlikely participants as the members of the Senate Judiciary Committee, would decide what constitute strategic exports with significant military potential.

Not only is this an usurpation of the Executive function contrary to the Constitution, it is totally unworkable.

Over the last 2 years, for example, the Department of Defense was involved in consultations concerning 3,000 applications for export licenses. This administrative burden, under the amendment of the gentleman from Georgia, would be undertaken by 20 Members of the House and Senate. Does anyone here today really expect that such a task could be carried out by a conglomeration of participants from ten different committees of the House and Senate?

Under long-standing administrative procedures involving several executive departments and independent agencies, the national security interests of the United States are fully protected. Regular consultations involving the Atomic Energy Commission, the Departments of Agriculture, Commerce, Defense, State, Treasury, and NASA and the CIA assure that no products which would significantly enhance the military potential of unfriendly nations are allowed.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. KOCH. Of course I yield to the gentleman from Pennsylvania.

Mr. DENT. Mr. Chairman, as I understand it, the gentleman says that if we pass this so-called substitute, that we would be doing something which might curtail trade with Russia, and we do not want to curtail trade with Russia. Is that correct?

Mr. KOCH. That is not exactly what I said. It is close to it, but not exactly. Yes, I am for trade with the Soviet Union. Yes, I am also for restricting that trade so as to accomplish the goals I mentioned—to have freedom of emigration apply in the Soviet Union and more freedoms in their own country for their citizens, and to make certain that we do not ever place them in a superior military posture as a result of giving them items which are adverse to our national security, and helpful to them.

But what I am also saying is that we have to do that in a way that makes sense. The bill before us does it in a way that makes sense, whereas the amendment is far too restrictive and will defeat our goals and purposes.

Mr. ZWACH. Mr. Chairman, I move to strike the requisite number of words.

(Mr. ZWACH asked and was given permission to revise and extend his remarks.)

Mr. ZWACH. Mr. Chairman and members of the committee, I rise in support of the Hanna amendment.

I think we are in this country very, very fortunate, and we do not realize how significant this is and how fortunate we are in that we have adequate food supplies in this country and we do not have to depend upon others.

The reason that we, in the production of food, are so concerned about this bill is that we have opened the gates wide to the production of food. We would have seen the miracle of outpouring had we had a little cooperation from above with regard to rain.

In any event, we have to export two-thirds of our wheat, two-thirds of our rice, one-half of our soybeans, one-fourth of our corn. All of it goes to export.

The fear here is twofold: First of all, we scared the life out of our customers when we embargoed soybeans when it was not necessary. A crisis went through the people of the world who relied on America for their supply of food. That is what happened. They had completely relied on our productive capacity for a permanent food supply.

By adopting this, we will send another shock wave through the producers who think that this is going to be an effort to try to use it as a price-control mech-

anism to knock down the price of farm products.

It is best if we will just extend this act. It is bad enough for agriculture producers that way. Let us not add these other amendments. Let us not rock the boat with regard to foreign customers and producers in America.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. ZWACH. Yes, I will yield to the gentleman from Illinois.

Mr. DERWINSKI. I wish, for the record, to emphasize that as I understand the Blackburn substitute, that, in and of itself, as it applies to agricultural products, it is the same as the Hanna amendment. What the Blackburn substitute does is that it reaches those items that have military utility. It would not in any way create any of the problems that the gentleman is properly concerned about.

Mr. ZWACH. I would prefer to extend the act in the shape that it is in. I think it will affect less our foreign purchasers and our domestic producers.

Mr. MAYNE. Mr. Chairman, will the gentleman yield?

Mr. ZWACH. I yield to the gentleman from Iowa.

Mr. MAYNE. I certainly want to commend the gentleman from Minnesota for his very keen analysis of this situation. I, too, support the Hanna amendment. I think what we need here is a simple extension of the law as it is.

There are many complexities and refinements contained in the Blackburn amendment, which, although I am very indebted to the gentleman from Georgia for endeavoring to explain them to me, I still do not fully comprehend.

I do understand the Hanna amendment. I think we should keep this clean and simple and just extend the bill by voting down the Blackburn amendment and then voting for the Hanna amendment, so that we can be sure our farmers' right to export their products will not be subject to more drastic restrictions than exist in the present 1969 act.

Mr. ZWACH. I thank the gentleman for his contribution.

Mr. SCHERLE. Mr. Chairman, will the gentleman yield?

Mr. ZWACH. I yield to the gentleman from Iowa.

Mr. SCHERLE. I thank my colleague, the gentleman from Minnesota, for this time.

I called the Department of Agriculture just a few minutes ago, and asked them that when the soybean embargo went on last year, how many bushels of soybeans did we have in reserve. Their reply was between 240 and 265 million bushels. The price at that time was $11 a bushel. As soon as the embargo was put into effect the price to the producer was cut in half, when the embargo was lifted, we still had 60 million bushels of soybeans—enough to supply all our needs—far in excess of that which the Department of Agriculture needed for domestic consumption. This regulation was used to lower the price rather than the commodity.

We had a 24-percent increase in 1973 in production. Yet this was a means to control prices and not to control commodities.

Mr. Chairman, I compliment my friend, the gentleman from Minnesota, for his statement.

Mr. ZWACH. I thank the gentleman.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. ZWACH. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, I commend the gentleman on his statement. I rise in support of the Hanna amendment.

(Mr. BURLISON of Missouri asked and was given permission to revise and extend his remarks.)

Mr. BURLISON of Missouri. Mr. Chairman, I appreciate the gentleman yielding and rise in support of the Hanna amendment. I am opposed to the committee bill because it makes the farm producer unduly vulnerable to consumer pressures to maintain low retail prices at the expense of the farm producer by restricting exportation of farm commodities.

In June or July of 1973, under present law, an export ban was placed upon soybeans. The procedure requiring the Secretary of Agriculture to approve the ban before implementation by the Secretary of Commerce was followed. Many of us strongly objected to the action at that time. No sooner had the action been taken than the Secretary of Agriculture admitted that it was a mistake, in that our foreign soybean market was disrupted without a commensurate benefit to our domestic consumers.

Consistently since the export ban was lifted a few months after its application, the Secretary of Agriculture and his spokesman within the Department of Agriculture have continued to emphasize the impropriety and unwiseness of the export ban, clearly indicating that should a situation similar to the summer of 1973 again present itself that the Secretary would adamantly stand his ground in opposition to the imposition of the export embargo. It is for this reason that I am willing to support a continuation for 2 years of the present legislation. I urge the House to accept this extension through passage of the Hanna amendment and to reject the committee bill.

Mr. HANNA. Mr. Chairman, will the gentleman yield?

Mr. ZWACH. I yield to the gentleman from California.

Mr. HANNA. Mr. Chairman, I thank the gentleman very kindly for his remarks. I want to assure the gentleman that I am very strongly in favor of just a simple extension.

I think my position is taken with as good an intention as that which the gentleman from Georgia has. The complexity of his language raises some very important questions in my mind. I hope that the consideration of his amendment will be delayed until after the other amendments are considered.

Mr. ZWACH. Mr. Chairman, I thank the gentleman for his contribution.

Mr. REES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wish to ask the gentleman from Georgia (Mr. BLACKBURN) some questions concerning his amendment.

What the gentleman's amendment does is to strike out two of the findings of Congress. That is stated in the beginning of the amendment. One of them is that there can be an unwarranted restriction of exports from the United States, and Congress does not like an unwarranted restriction of exports from the United States. The amendment is that section 2 of the Export-Import Act is amended by striking out paragraphs 3 and 4.

So the gentleman starts right off probably getting the farmers irked, because they do not like unwarranted restrictions on the export of farm products.

The gentleman strikes out finding No. 4 where we are trying to get more certainty in our export policy.

I am wondering what the purpose of those two restrictions are.

Mr. Chairman, while the gentleman is considering his answer, I will make this observation: Under the gentleman's substitute all licenses for export of goods to nonmarket economies must be approved by the Secretary of Defense. "Goods" is not specifically defined in the gentleman's substitute. The language is that, as used in this subsection, the terms, "goods and technology," includes but is not limited to certain items.

So every export license, whether it be for wheat or ball bearings, or whatever it might be, has to be approved by the Secretary of Defense.

Mr. BLACKBURN. Mr. Chairman, will the gentleman yield so I can respond to some of the dialog we are being exposed to here?

Mr. REES. I yield to the gentleman from Georgia.

Mr. BLACKBURN. Mr. Chairman, first of all, the language the gentleman is referring to which gives the authority to the Secretary of Defense clearly relates to defense-oriented goods and technology.

Mr. REES. It does not say that.

Mr. BLACKBURN. The whole restrictive nature of my amendment goes only to the nonmarket economies. So let us not broaden the language of my bill and make it include things which it does not include.

The restrictions I have imposed in my bill apply to and are limited to the nonmarket economies. That is the only place in which I have a concern.

Mr. REES. Mr. Chairman, if the gentleman will yield further, it states here: The purpose of this section is to provide for such an assessment and authorize the the Secretary of Defense to review any proposed export of goods and technology to any such country.

Mr. BLACKBURN. Mr. Chairman, will the gentleman yield so that I may respond?

Mr. REES. I yield to the gentleman from Georgia.

Mr. BLACKBURN. When the gentleman says "to any country"——

Mr. REES. I say, "any nonmarketing country."

Mr. BLACKBURN. All right. Mr. Chairman, that is the point I want to

make sure was made clear to the Members.

Mr. REES. Mr. Chairman, perhaps the gentleman can explain the term, "any nonmarketing country."

Mr. BLACKBURN. We restrict this language to a controlled country, and this was really the Jackson amendment that was adopted in the Senate to implement the language.

Mr. REES. So it is anything, it is not specific; it is whatever you want, because you do not pin down the definition.

Mr. BLACKBURN. It says it must significantly increase the military capability of such country, and I do not think that soybeans and wheat will be contributing to the military capability. We are overlooking the limiting language.

Mr. REES. The gentleman mentions soybeans and wheat. Let me ask the gentleman: In the law it states that the findings of the Secretary should be subject to review and consultation with representatives of appropriate U.S. Government agencies, and qualified experts from private industry. The gentleman strikes that language and puts in this language that a committee of the Congress is to look at the findings.

One needs qualified people from private industry, and advice from four or five different agencies that should be looking into this, and you strike that language and put in that the conglomerate committee of the Congress shall look at it, and all they can probably do is overly confuse the situation. That is on page 6, section 3.

Mr. BLACKBURN. Will the gentleman yield?

Mr. REES. Certainly I yield to the gentleman.

Mr. BLACKBURN. The advisory councils that are functioning today are not doing any sort of a job with regard to prohibiting or stopping the export of American technology. We have promoted the sale and license of a computer to Poland, and we have installed and sold a ball bearing factory to the Soviet Union. If the current committees were functioning effectively my attitude would be different.

Mr. ASHLEY. Mr. Chairman, I wonder if we can get some agreement on a limitation of time?

Mr. Chairman, I move that all debate on the amendment offered as a substitute for the Hanna amendment and all amendments to the substitute conclude at 6 o'clock.

The motion was agreed to.

The CHAIRMAN. The Chair will recognize the Members who were standing at the time the limitation of debate was made for three-quarters of a minute each.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. DENT).

(Mr. DENT asked and was given permission to revise and extend his remarks.)

Mr. DENT. Mr. Chairman, as cosponsor, I want to support the Blackburn amendment. I want to say that it does not do any harm whatsoever because it will be attached to the Hanna amendment. At least if we go along now, we go along in the same rut that has caused all the trouble we are in now.

If there were no situations, why would we be in this particular kind of situation we are in now? At least we will have some differences in the two proposals and the substitute would at least give us something as an alternative procedure for a least 2 years. It cannot do any harm. It was completely wrong, and we know that the present method is not working right. We know that nuclear weapons are being proliferated all over the world. We know that the United States of America has fallen victim now to the pressures of practical international blackmail, regardless of what the committee does or anybody else does. Until recently, direct export of U.S. computers was restricted by export control regulations. Even so, the origin of today's Soviet system can be traced to the United States. Following World War Two, the Soviet Union received computers almost entirely from West European plants of IBM.

The earliest American computer sale to the Soviet Union that can be traced was a model 802 National-Elliott sold in 1950 by Elliott Automation, Ltd., of the United Kingdom. National-Elliott is a General Electric subsidiary.

In 1966, Standard Cables and Telegraph, Ltd., installed a standard 7 by 8 instrument landing system at Moscow's D. Sheremetyeva Airport. Standard Cables was then a subsidiary of ITT.

In 18 months during 1964–65, Elliott Automation delivered five Model 503 computers to the U.S.S.R. The Elliott 503 ranged in price from $179,000 to more than $1 million, depending on its size.

By the end of 1969, General Electric-Elliott Automation sales to Communist countries were four times greater than in 1968.

This market accounted for one-third of General Electric-Elliott's computer exports. Other G.E. machines, including a model 400 made in France by Compagnie des Machines Bull, were also sold to the U.S.S.R.

Olivetti-General Electric of Milan, Italy, also has been a major U.S.S.R. supplier of G.E. computers.

In 1967, Olivetti delivered $2.4 million worth of data processing systems to the U.S.S.R. This was in addition to model 400 and model 115 machines already sold.

In 1967, English Electric sold the U.S.S.R. its System Four Machine with microcircuits. This machine incorporated RCA patents. It was similar to the RCA Spectra 70 series.

Over the years, the U.S.S.R.'s largest single supplier of computers has been International Computers and Tabulation, Ltd. of the United Kingdom. The latter also licenses RCA technology. It has supplied at least 27 of 33 large computers to the Soviet Union.

In November 1969, five of the firm's 1900 series computers valued at $12 million, went to the U.S.S.R.: These were large, high-speed units with integrated circuits. Without question, they were well in advance of anything the Soviets were able to manufacture in the computer field; even by copying previously imported technology.

In 1968, a second-generation Control Data Corp. 1604 System was installed at the Dubna Soviet Nuclear Facility near Moscow.

In 1972, Control Data sold the Soviet Union a third-generation CDC 6200 system computer.

For these systems, Control Data's operating statement has improved by about $3 million in sales over the past 3 years. And the Soviet Union has gained 15 years in computer technology.

As 1969 ended, it was estimated that Western computer sales to all of Communist Europe and the U.S.S.R. were running at $40 million per annum. In great part, three came from American subsidiaries.

These machines are capable of solving military and space problems. But, being machines, they cannot distinguish between military and civilian problems. There is no way that a Western firm or government can prevent Soviet use of computers for military work.

In 1970–71, came the ultimate insult: The Soviets indicated that if International Computers, Ltd., of Great Britain was allowed to sell two big, fast, highly-sophisticated 1906A computers, American scientists would be allowed to participate in further research at the Serpukhov Institute of High Energy Physics. They key equipment at Serpukhov, including the bubble chamber, had come from the West.

The Soviets gave "ironclad" guarantees not to use these new British—RCA—1906A computers for military research. Personal intervention by President Nixon forced a relaxation of U.S. opposition to the British sale. But, gentleman, Mr. Nixon had not yet indicated how he proposes to prevent the Soviets from using the 1906A for military purposes against us.

Business Week of April 28, 1973, published word that the Soviet Union had contracted for an IBM third-generation 370 computer system. The price: A reported $10 million.

According to the Washington Post of July 6, 1973, and the Wall Street Journal of August 3, 1973, James Binger, chairman, Honeywell Inc., Minneapolis, told a Moscow news conference his firm had begun negotiation with the Soviet government on two contracts involving several million dollars.

During a recent aviation-space industries exhibition, Soviet interests were noted. U.S. companies at the exhibition included: Westinghouse Electric Corp., Bendix Corp., Collins Radio Co., Texas Instruments, Inc., Boeing Corp., United Aircraft Corp., Lockheed Aircraft Corp., and Raytheon Corp.

U.S. News & World Report of January 28, 1974, said International Business Machines and the Univac Division of Sperry-Rand were competing in two areas for contracts for two data systems for Soviet aviation.

Red Star, the official organ of the Soviet Army used the Remington-Rand Univac computer to illustrate an article on Soviet computers with captions translated into the Russian language.

In Science magazine of February 8,

1974, Mr. Wade B. Holland, editor, Rand Corp. Soviet Cybernetics Review, stated:

There are no rigid standards. Getting a license to export depends on how much weight you can throw or whether your timing is right, like if Nixon has just made a visit to Moscow.

Even as I am worried about the export of computer technology to the Soviet war machine, I am worried about export of precision grinding machines for manufacture of precision miniature ball bearings.

Ball bearings are an integral part of many weapons systems; there is no substitute. The entire Soviet ball bearing production capability is of Western origin. All Soviet tanks, all Soviet military vehicles, run on ball bearings manufactured on Western equipment—or on copies of Western equipment.

All Soviet missiles, all Soviet related systems—including guidance systems—have bearings manufactured on Western equipment—or on Soviet duplicates of Western equipment.

Bryant Chucking Grinding Co., Springfield, Vt., has been a major supplier of ball bearings processing equipment to the Soviet Union.

In the 1930's, when the U.S. Government and corporations were providing massive infusions of industrial technology into the Soviet Union, Bryant shipped 32.2 percent of its output to the U.S.S.R. In 1934, Bryant shipped 55.3 percent of its output to the U.S.S.R.

In 1959, under the then slightly relaxed restrictions commensurate with Khrushchev-decreed "peaceful coexistence," Bryant was able to sell 46 Centalign B machines to the U.S.S.R. In 1960, the U.S.S.R. placed an order for 45 similar Bryant machines. The U.S. Department of Commerce indicated willingness to grant Bryant an export license. Bryant accepted the order. It was not filled, however, because of Defense Department objections that the machines would be used for production of bearings utilized in strategic components for Soviet military end items.

The Bryant-Commerce Department effort to export the Bryant machinery resulted in an investigation by the U.S. Senate Subcommittee on Internal Security. The subcommittee's report stated:

We are now concerned . . . the decision to grant the license was a grave error.

Yet, in 1972, the Commerce and State Departments approved Bryant's export to the Soviet Union of 164 precision grinding machines of a new-generation so sophisticated as to be able to manufacture miniature ball bearings to tolerance of 25th millionth of an inch.

If this, in itself, is not a bit chilling to those who recognize the importance of such precision equipment in the hands of the Soviet Union permit me to add the information that while, in that manner, the Soviet's war machine gained 164 of these machines; while the United States, reportedly has never owned more than 77 of them.

Recent reports about agreements signed by General Dynamics Corp., with the Soviet State Committee for Science and Technology are also disturbing. The 5-year agreement for scientific and technological cooperation covers such defense-related fields as ships and shipbuilding, telecommunications equipment, asbestos mining and processing, commercial and special purpose aircraft, computer-operated microfilm equipment, and navigations and water buoys.

Also upsetting is Fairchild Corp's agreement with Communist Poland for sale of U.S. integrated circuit technology used extensively in modern weapons systems and in third-generation computers.

The February 1974 issue of Armed Forces Journal International reports this: The Soviets are asking major U.S. aerospace firms—Boeing, Lockheed, McDonald-Douglas—to sell them, on a major scale, the manufacturing technology and managerial expertise to build widebodied commercial jet liners.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. DERWINSKI).

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, both the bill brought to the floor and the so-called Hanna amendment disregard the fact that the Soviet Union is inclined to wage economic warfare by means of embargoes and the breaking of international agreements. This Blackburn substitute is a necessary practical way to address the economic facts of life. For those farm-State Members whom I have heard here this afternoon, remember, you have all of the protection under the Blackburn substitute as you would under the so-called Hanna amendment. Do not be misled by oratory. Stay with the Blackburn substitute. It is the answer both to the military misuse by the Soviet Union as well as the desire of our farmers to export to legitimate markets.

(By unanimous consent, Mr. MITCHELL of Maryland yielded his time to Mr. ASHLEY.)

(By unanimous consent, Messrs. SCHERLE, YOUNG of South Carolina, and SARASIN yielded their time to Mr. ROUSSELOT.)

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. ROUSSELOT).

(Mr. ROUSSELOT asked and was given permission to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Chairman, I rise in support of the Blackburn amendment to substitute the provisions of the National Protection Act for H.R. 15264, the Export Administration Act amendments.

The Blackburn substitute would make it the policy of the United States to encourage trade with all "market economy countries and friendly nations except nonmarket economy countries." It would also declare it to be the policy of the United States that the encouragement of exports is a secondary consideration, and that "the primary concerns of the United States are national security considerations and considerations regarding possible harm to the American economy from unfair competition arising out of the U.S. exports used in combination with slave and semislave labor within nonmarket economy countries."

In addition, the Blackburn substitute would allow Members of Congress to participate in the determinations which are made to subject, or continue to subject, items to export controls. Under article I, section 8, of the Constitution, Congress has the responsibility "to regulate commerce with foreign nations," and it is this important prerogative that the Blackburn substitute is attempting to restore.

The legislation reported by the Banking and Currency Committee ignores important testimony which was given before the International Trade Subcommittee on the issue of American products being used to expand the Soviet war machine.

In his statement before the subcommittee, Anthony C. Sutton, who until late last year was a research fellow at the Hoover Institution on War, Revolution, and Peace at Stanford University, presented testimony that—

The Soviet military-industrial complex is dependent on technology transferred from the West and mainly from the United States.

He further stated that:

I can make no distinction between civilian and military technology, because all transferred technology has some military impact. Therefore, the term "peaceful trade" in regard to Soviet trade is grossly misleading and should be abandoned. The crux of the problem at issue is technical transfers through the medium of Soviet trade and the use of these technical transfers for military purposes.

Mr. Sutton gave examples of four industrial sectors where he has done considerable work and which have military applications:

First, if I may summarize, Soviet merchant marine technology mostly originates in the West. For example, I identified 44 types of Soviet marine diesel engines, and in every case except two, I was able to make a positive identification of the Western origin. The other two are open; I just could not make the identification. They may be Soviet; they may be Western; I do not know. Generally, about 68 percent of Soviet merchant ships have been built completely in the West; that is engine plus the hull. About 80 percent of the main diesel engines in Soviet ships have been built in the West. The remaining 20 percent have been built in the Soviet Union with Western technical assistance and Western design. Merchant ships are, of course, used for military purposes, such as the supply to North Vietnam and the supply of weapons to the Middle East.

In computers, I can identify no significant Soviet indigenous computer technology. This conclusion is confirmed by Professor Judy at the University of Toronto and Professor Reiter at the Israel Institution for Technology.

My third example is ball bearings technology. It is absolutely essential for weapons systems and originates in the West. The Soviet ability to miniaturize its missile equipment required miniature ball bearings. The equipment to enable mass production of these precision bearings came from the United States. A congressional subcommittee just a decade ago termed the export of these machines to be a "life or death matter for America." However, the Nixon administration has allowed the equipment to go forward.

In military trucks—this is my fourth example—I have identified Western construction of Soviet plants producing military models. I can tie this right down to the precise military model involved. At the mo-

ment. U.S. firms are building in the Soviet Union the world's largest plant for 10-ton trucks that will produce about 100,000 trucks a year. The administration has stated that this plant does have a military end use.

Further testimony on this point was given by Mr. Avraham Shifrim, who emigrated from Russia in 1970. In 1952, Mr. Shifrim was the Chief Legal Adviser in the Contracts Division of the Ministry of War Equipment of the U.S.S.R., and he gave a first-hand account of the military implications of American exports to Russia.

The USSR plants, R and D Bureaus and laboratories, are equipped with the machinery and tools from all the countries of the world: For example: U.S.A., West Germany, Belgium, Italy, Canada. Some Soviet machine tools are also used, but the management of the industrial plants tries to get from the ministry only imported capital equipment and instruments. The officers of the Division of Supplies are bribed to get them. Soviet tool manufacturing plants build the prototypes of the American, German and other capital equipment without buying the patents. For example, the tool named "DIP" is copied from an American lathe which is used to produce large parts. It is interesting to uncode the name of the tool. "DIP" means "to chase and surpass." Foreign firms selling equipment to the USSR frequently supply blueprints in advance followed by their equipment. In the USSR, using these drawings, they try to produce similar tools. They buy it only in case of urgent need for a tool, or if the attempt to copy turns into failure. In such a way, there was "bought" in England an assembly of machines for production of very high temperatures. It played a crucial role in production of the Soviet H-bomb.

Buying equipment, tools and strategic materials from the U.S. and Europe is accomplished frequently through intermediary firms in Switzerland, Norway, Sweden, Finland and Italy. These intermediaries buy in the U.S. what the U.S. forbids for export to the USSR. These intermediaries sell these products, for profit, to the Soviet Union.

It would be good here to tell an anecdote which I heard in the Ministry of War Equipment: "We have a very clear Finance Minister. Terrorists wanted to poison him, but he bought out all the poison in the country. But he was still poisoned, said another. Where did they get the poison? Answer: The terrorists offered the Finance Minister a double price for the poison. He resold it."

The USSR obtained from the U.S. materials for supersonic aviation, for their earliest missiles, for building the first aerodynamic wind tunnels, for testing models of supersonic military aircraft. I saw and authorized agreements for purchasing strategic products through Norway, Italy, Switzerland and Sweden. In my presence, many times, there were discussions of ways of purchasing and cheating the U.S. with the purpose of obtaining strategic military equipment. I'm also aware of the fact that a number of technological secret patents of the U.S. and Germany were stolen. They were smuggled out and used in the military industry of the USSR. In 1953, I heard many times, from researchers, engineers, and heads of R and D bureaus complaints that they could not fill state orders for urgent work for the military industry. The reason was that USSR instruments were defective and foreign instruments were awaited.

In 1971, I heard the same complaints from friends still working in the military industry; particularly, in R and D bureaus and laboratories for lasers and nuclear energy. My friends told me that, without imported equipment (especially from the U.S. and Germany), they simply could not work—for the figures given by Soviet instruments are not accurate. From prominent investors and armaments builders I heard many times that it was impossible for Soviet industry to produce a number of parts and components; particularly, precision miniature ballbearings. Without such components, there can be no production of modern sophisticated weapons.

Mr. Shifrim also gave testimony on the fact that Western technology and capital equipment, imported from the United States and Western Europe, are being used in Russian slave-labor camps, and that:

Political prisoners, with sorrow and indignation, look at this as direct participation of the West in the exploitation of slave labor.

As an example, he pointed out that:

The Soviet Union's most powerful fighting aircraft, the Tupolev, was invented by Tupolev while he, himself, was a political prisoner.

In his concluding remarks, Mr. Shifrim exphasized that any technical help from the United States "increases the military might of the U.S.S.R.," and he characterized it as "a policy of suicide."

The Blackburn substitute would assure that the security of the United States is not endangered by the transfer of U.S. technology and capital equipment to Communist countries, and it would protect American labor and industry against unfair competition from the nonfree and slave labor of the Soviet Union and the Warsaw Pact nations. It sets up a procedure to require that a proposed export license to a controlled country—defined in the legislation as the Soviet Union, Poland, Romania, Hungary, Bulgaria, Czechoslovakia, the German Democratic Republic—East Germany—and such other countries as may be designated by the Secretary of Defense—shall be reviewed by the Secretary of Defense. If he determines that the export of such goods or technology will significantly increase the military capability of such country, the Secretary shall recommend to the President that such exports be disapproved. If the President should modify or overrule the Secretary's recommendations, then the whole issue comes to the Congress which may by concurrent resolution disapprove of the action of the President.

Another concern was brought out in the hearings in testimony given by representatives of the scrap iron and steel industry, and other representatives from private industry. These witnesses questioned if the Export Administration is currently being administered in the best interests of our domestic needs and economy. I believe the problem was well stated in the testimony of Richard B. Scudder, chairman of the board of Garden State Paper Co.:

It is apparent that the Department of Commerce construes the authority in the act to be limited, while this subcommittee and the Senate committee feel that the Secretary of Commerce has all the power that is necessary to effectively administer the act in the public interest.

It is through the Blackburn substitute that the will of Congress can be clarified on all issues relating to export controls. The Blackburn proposal would deal with this problem directly by providing that two members from each of the following committees would participate in the decisionmaking process on export controls: the Committee on Armed Services in the House and the Senate; the Banking Committees in the House and Senate; the House Internal Security Committee; the Senate Judiciary Committee; the Commerce Committees of the House and Senate; and the Science Committees of the House and Senate.

Congress has a clear constitutional responsibility to regulate foreign commerce and to consider all aspects relating to our national interests with regard to exports, and the Blackburn substitute offers us the opportunity to reassert that prerogative.

A vote for the Blackburn substitute is a vote for congressional responsibility, and I strongly urge that it be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. WOLFF).

Mr. WOLFF. Mr. Chairman, I rise in support of the Blackburn amendment. I do not think we can afford to tie in with the sale of commodities, our Nation's security, or its principles.

When Mr. Khrushchev made the statement he did about "burying this Nation," he did so intending to bury us economically. Though the names have since changed the policy he articulated has not. Therefore, I feel very strongly this amendment should be supported to protect the technology necessary for the security of our Nation.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. GROSS).

Mr. GROSS. Mr. Chairman, I should like to ask if the House Committee on Agriculture is among the numerous committees that are providing membership on the advisory board?

Mr. HANNA. If the gentleman will yield, I am sure that the present law very clearly sets out that there is the Department of Agriculture.

Mr. GROSS. I am thinking in terms of the Blackburn amendment.

Mr. BLACKBURN. Mr. Chairman, if the gentleman will yield, the Blackburn amendment will continue the existing law which gives the Secretary of Agriculture the power to disapprove curtailments of agricultural exports except in times of clear national shortage.

Mr. GROSS. But is the Committee on Agriculture represented with two representatives?

Mr. BLACKBURN. Not with regard to the export of technology or capital goods.

Mr. GROSS. If not, why not?

Mr. BLACKBURN. That section is intended to deal with technology and machinery exports, it does not deal with agriculture.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona (Mr. CONLAN).

(Mr. CONLAN asked and was given permission to revise and extend his remarks.)

Mr. CONLAN. Mr. Chairman, this legislative substitute by Mr. BLACKBURN that is now before us is vitally needed because in the past few years the zeal for increased trade with the Communist bloc nations has far outstripped our con-

cern with our own national security. In order to safeguard the strategic advantages our advanced technology provided us, we once had an effective Office of Export Control. But in the past 2 years the staff of this Agency has been nearly cut in half and export restrictions have been summarily removed from all but about 70 items.

What kinds of items am I talking about that are of substantial strategic value to the Soviet Union? In the next few months the first trucks will begin rolling off the assembly line at the huge Kama River truck plant located 500 miles east of Moscow. This enormous production complex was built with the machinery and know-how of 68 American firms. The trucks being produced will be of immediate military value to the Soviet Union as they continue to send such equipment to their allies in Southeast Asia and the Middle East. For over a decade now the North Vietnamese have been using Soviet-built trucks as the main source of supplying their armies occupying parts of Laos, Cambodia, and the Republic of Vietnam. The Soviets have always been able to produce trucks, but they never have been able to achieve the efficiency embodied in the entire productive process that American corporations have.

Another example of the kind of trading agreement that may take place unless we enact the measure before us concerns the aircraft industry. The Soviets have made several overtures on the possible purchase of some major planes produced by our aerospace industry, such as the 747 jumbo jet or the L-1011. Through the acquisition of these planes, produced by the same companies which manufacture our military aircraft, the Soviets hope to gain the knowledge necessary to build production facilities comparable to our own. If they are able to build such plants the Soviets, with their arbitrarily suppressed wage rates, could become competitive in the world commercial aircraft market for the first time. Moreover, thye could use the same plants and techniques for the production of giant military cargo planes. A Business Week article earlier this year pointed out several examples of the direct correlation between commercial and military equipment in airplanes:

> Aircraft engines, computers, integrated circuitry telecommunications equipment, navigation systems and avionics are very similar in both military and civilian aircraft. Less obvious, perhaps are the similarity in production instruments, tooling and other manufacturing equipment.

In numerous other areas the Soviets have already acquired advanced technology from the United States that directly boosts their own military capabilities. In the sales of miniature ballbearing machinery we have provided the Soviets with a vital element in the construction of sophisticated military equipment. Similarly the sale of advanced third and even fourth generation computers to the Communist military industrial complex helps sustain the kind of research and development in military goods that directly threaten our own national security.

Despite our program of rather well disguised technological assistance the United States still enjoys a significant lead in most technical fields. But, Mr. Chairman, unless the substitute presently before us is approved, this last great bastion of American supremacy may be breached. We must not continue a program of military assistance to the Soviet Union or any other Communist countries which threaten our national security and the peace of the world.

Just this week some very important testimony on the military capabilities of the Soviet Union was released by Senator PROXMIRE's Joint Economic Committee. Central Intelligence Director William E. Colby informed the committee in some secret testimony last April that the United States currently enjoys an across-the-board technological lead over the Soviet Union. But he also strikingly pointed out that Soviet military spending, especially on research and development, has been rising steadily in recent years. Most significantly, as the New York Times reported last Monday, July 22, 1974:

> The C.I.A. estimated that the Soviet defense effort of 25 billion rubles in 1973 was the equivalent of about $80-billion.
>
> By comparison, defense spending by the United States totaled about $76-billion in the fiscal year 1973.

Therefore we now discover that despite the rhetoric or détente, Soviet military spending has surpassed that of the United States even though we have twice as large a gross national product. Not only we ignored the Soviet emphasis on military spending, but also have been largely oblivious to much of the Kremlin's military maneuvering. In an analysis earlier this month in the New York Times, Drew Middleton pointed out numerous examples of Soviet military expansion throughout the world. He summarized the present situation as follows:

> There has been no evidence since 1972 of and reductions in Soviet military strength. The consensus among American experts is that high force levels will continue to be a basic feature of Moscow's planning and that Soviet leaders agree that military force, active of potential, is an effective instrument of policy.

The rulers in the Kremlin can, and indeed have, allocated enormous amounts of their resources to their military program. But it defies all logic why the United States through our trade or other policies should assist them in their endeavors. Since no other nation in the world can represent a credible threat to their security, the Soviet military actions should be an ominous warning to ourselves. To the extent that we provide advanced technology to the Soviets that is related to the activities of their military establishment we directly undermine our own national defense. The more rapidly the Communist powers are able to close the present technological gap with the United States the sooner we will be compelled to allocate more of our own resources to the continued defense of our Nation. With the adoption of the substitute bill now before us, we can limit the costly and dangerous technological drain that has become increasingly pervasive in our trade negotiations. We must not allow the shortsighted desire for quick profits or a paper surplus in our balance of trade to supplant considerations of our own national security. In other words, we dare not sell them the rope with which they propose to hang us.

Mr. McKINNEY. Mr. Chairman, will the gentleman yield?

Mr. CONLAN. I yield to the gentleman from Connecticut.

(Mr. McKINNEY asked and was given permission to revise and extend his remarks.)

Mr. McKINNEY. Mr. Chairman, the Subcommittee on International Trade has spent a great amount of time and interviewed innumerable witnesses in its efforts to improve the Export Administration Act of 1969. Our subcommittee initially held hearings on March 21, 22, 23, and May 15 of 1973. Those hearings resulted in legislation, H.R. 8547, a bill to amend the Export Administration Act of 1969 to protect the domestic economy from excessive drain of scarce materials and commodities and to reduce the serious inflationary impact of abnormal foreign demand. H.R. 8547 was adopted by the committee and subsequently was passed by the House of Representatives on September 6, 1973. However, final action on the bill was not taken by the Senate. As a result, once again on April 22, 23, 24, 25, 26, 29, 30, May 1 and 2 of 1974, our subcommittee again held hearings on U.S. international economic policy which resulted in H.R. 15264.

I would at this time like to discuss the amendments made by our committee to the Export Administration Act of 1969 and the rationale behind them. Section 1 (b) of the bill would amend section 3(2) (a) of the Export Administration Act of 1969 to read:

> It is a policy of the United States to use export controls (a) to the extent necessary to protect the domestic economy from the excessive drain of scarce materials or to reduce the serious inflationary impact of foreign demand.

The change made was to strike "and" adding "or". When Mr. Peter Flanigan testified before our committee, he indicated that the administration felt that its authority to implement export controls was based on having two factors present: First, an excessive drain of scarce materials; and second, a need to reduce inflationary impact of foreign demand. Our committee has changed it. If either one of those two factors is present, the administration is empowered to act. This is a key point and a point which was much disputed in early 1973 when price controls were dropped and a rush on the part of foreign purchasers to buy materials and commodities available in the United States expanded at such a rate that we were experiencing short supplies and thus, increased prices in our domestic market.

In Section 3(2), we added a new subparagraph "d" which reads:

> To the extent appropriate to retaliate against a group of nations which have unreasonably restricted United States' access to their supply of a particular commodity.

This section was suggested by Secretary Dent and the committee accepted

that suggestion in order to clarify congressional intent with respect to the authority granted in the 1969 act. Apparently, the administration felt it was unclear whether or not the 1969 act allowed the United States to retaliate against nations which were preventing U.S. access to foreign commodities. We have therefore spelled it out and there should be no misunderstanding in the future.

In subsection 3 the committee added a new subparagraph "c" which reads:

To deal with worldwide shortages of a particular commodity, whenever feasible, through international cooperation with the major suppliers and consumers of such commodities rather than by taking unilateral action.

This section was also suggested by Mr. Flanigan, to reaffirm the U.S. willingness to act as a responsible world trading partner. The United States is most desirous of dealing with worldwide commodity shortage problems within the context of the international community and will make every effort to cooperate as long as our trading partners resist unilateral actions which may be in their best interests but not in ours. However, let me stress that this provision, coupled with the provision in section 3, subparagraph 2, demonstrates our committee's intention that while the United States wishes to cooperate, we will not be a "patsy" and allow foreign nations to secure concessions from us while they deny concessions to us.

In section 4, a new subsection "e(1)" is added which reads:

The Secretary of Commerce in consultation with appropriate United States Departments and Agencies, and any appropriate technical advisory committee established under Section 5(c)2, shall undertake an investigation to determine which materials or commodities shall be subject to export controls because of the present or prospective domestic inflationary impact or short supply of such materials or commodities in the absence of any such export control. The Secretary shall develop forecast indices of the domestic supply and demand and to the extent necessary, foreign supply and demand for such materials and commodities to help assure their availability on a priority basis to domestic users at stable prices.

This section resulted from the committee's efforts to establish, what might be called a domestic level of necessity for vital commodities. Let me explain further. The Soviet wheat deal provides a classic illustration of the type of situation the committee was grappling with. It is probably a fair assumption to make that the United States was had by the Soviet Union on the wheat deal. How did it happen? The Department of Agriculture, which had authority to oversee the wheat deal, had no up-to-date information as to what our domestic need for wheat would be and no idea of the extent of the Soviet purchases. As a result, the Soviet Union traded on the market for our wheat and quite successfully cornered that market before we realized that they were cutting into supplies that we would need for domestic purposes. We have seen this phenomena, not only in the area of agricultural policy, but also in the ferrous scrap business, timber business, and so forth. Our subcommittee spent a great deal of time discussing and seeking advice on this problem. What we are recommending is, No. 1, that the Secretary of Commerce establish a more effective forecast and monitoring system on domestic supply of a commodity and the demand for that commodity. Also, to establish what the foreign supply and demand for materials and commodities would be so that we will have a clear idea of what we can afford to export and what we will need to import.

The other point stressed in this section by the committee was that export controls can be implemented, not only when an actual shortage exists, but by using these forecast indices, controls can be utilized to head off a prospective short supply or potential price increases. It is ridiculous that we have to wait until prices are shooting through the ceiling, or when we cannot get a product. It is absolutely essential that the Department of Commerce and the Department of Agriculture develop an efficient reporting system which will establish a level of domestic necessity for materials and commodities. Only then can we prevent what happened last year; higher prices for the American consumer because American products ad commodities were shipped overseas in amounts far too great. We want an early-warning system.

Let me illustrate the problem faced by industry, by quoting from the statement of Mr. Charles T. Sheehan, vice president, Government Affairs, Cast Metal Federation. In response to a question by Mr. Ashley, Mr. Sheean stated:

In 1970 when we came to the Department of Commerce to request that they take some action under the Export Administration Act, there had been an escalation in the price of scrap because of substantial exports amounting to only some 50%, the Commerce Department began and did establish some reporting requirements to collect data. By the time the data was collected, the problem had faded away. A month or two after that, they dropped the reporting requirements. Last year when we came back in early 1973 because of a similar export problem, it took several months before they reinstituted the reporting requirements. Really what the foundry industry and the cast iron pipe research association is asking is for a setting up of a permanent system within the Department of Commerce for the collection of data, the gathering and analyzing of this data, from industry. And for that type of technical advisory committee which would permit these groups here to get together under the auspices of the Department of Commerce to discuss economic problems.

Let me also add at this point that this formal monitoring and consultation with respect to the export of a given commodity should be based on the following criteria: First, a large and rapid increase in exports; second, a large and rapid increase in domestic price level, that is at least in part attributable to export demand; and third, other information which would assist in determining the causes and probable duration of existing short supply and/or inflationary pressures and their impact upon particular U.S. industries and the economy. Our hearings on this legislation indicated that the imposition of export controls by the Department of Commerce were uneven. In some instances they were granted where there was not compelling evidence of need. In other instances where industries had petitioned and demonstrated a need, controls were not implemented. Also, the gathering of data which would allow for enlightened decisionmaking on the part of the Department of Commerce was, at best, sketchy. Our committee is proposing that there must be a permanent up-to-date professional reporting system and far more aggressive effort on the part of the Department of Commerce to cooperate and to consult with affected industries.

In addition, Mr. Chairman, this legislation adds two additional sections. Section 6 establishes a petition procedure for short supply export controls and monitoring. Section 7 establishes a petition procedure for hardship relief from hardship controls. I think these two sections are also necessary and the need for them was highlighted in testimony before the Committee. These two sections relate to what I was discussing previously about the uneven implementation of controls and the need for consultation with affected industries.

In conclusion, it is my firm belief that this piece of legislation should be enacted by the House of Representatives. Our committee is providing the framework by which American exporters can gain and develop foreign markets. Such a development is absolutely essential if the United States is to maintain a favorable balance of trade in the coming years. There will be proposals before the House that wish to restrict the exportation of American products. I would say to my colleagues that one must consider this simple fact. If this Congress so hampers American industry that we cannot export our products, all we would have done is to allow other nations, Japan, West Germany, et cetera, to fill the gap and I would ask my fellow colleagues, is that in the interest of our country? Do we want American computers sold in the international market or do we want West German computers sold? We can no longer pretend that the United States is in the same trading position it was 25 years ago. Foreign nations are developing and have developed complex technology and they have the ability to compete with the United States most aggressively.

Now, Mr. Chairman, I think it is clear to see that the committee in two different hearings has tried to clearly answer the objections of industry, and the Congress.

To pass the Blackburn amendment at a time of détente at a time of a desperate shortage in the balance of payments, at a time when the world becomes increasingly more interdependent is pure folly.

Mr. Chairman, I urge, in closing, that the committee of the whole pass the bill which the Banking and Currency Committee has labored over so long. Let us not kill American jobs, the America balance of trade. Let us move on to the future.

(By unanimous consent, Mr. SEBELIUS yielded his time to Mr. MAYNE).

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. MAYNE).

Mr. MAYNE. Mr. Chairman, representing an agricultural constituency I am of

course very concerned that we would be able to continue to increase productivity and feed not only the American people but also to the extent possible produce food and fiber for the rest of the world.

This is in our national interest as well as in the interest of the agricultural sector. What we are trying to accomplish here is to avoid the very damaging language of the committee bill. It seems to me that the approach made by the gentleman from California (Mr. HANNA) is a very clean-cut one and a single one, which will give us a known quantity and extend for 2 years the present bill.

I am very uncertain about whether we want to combine in this bill an attack on other countries which may very well become excellent customers of ours. There have been many developments in recent years. I think we becloud the issue in the Blackburn amendment when it attacks many potential customers. I therefore oppose the Blackburn amendment and support the Hanna amendment which will extend the present law for a period of 2 years.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. MAYNE. I yield to the gentleman from Illinois.

Mr. FINDLEY. I would like to congratulate the gentleman from Iowa on the position he has taken.

Mr. MAYNE. I would urge that my colleagues vote against the Blackburn amendment and for the Hanna amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri (Mr. ICHORD).

Mr. ICHORD. Mr. Chairman, on August 5 the President signed into law a bill containing a provision emanating from the House and the Senate Armed Services Committees which would protect the security interests of our country.

In an exchange between myself and the gentleman from Georgia (Mr. BLACKBURN) I contended that the committee bill does repeal that provision known as the Jackson amendment.

The amendment of the gentleman from Georgia will write the Jackson amendment into the Export Administration Act.

The gentleman from Missouri (Mr. FRENZEL) says the bill does not repeal the Jackson amendment, but at the same time he objects to the amendment of the gentleman from Georgia because it does contain that provision. I cannot understand the rationale of his argument. The Blackburn amendment should be adopted.

(By unanimous consent, Mr. HEINZ yielded his time to Mr. BROWN of Michigan.)

Mr. BROWN of Michigan. Mr. Chairman, by adopting the Blackburn amendment we will turn the clock back to pre-1969. It was in 1969 when the present law then termed the Export Control Act was adopted. There had been no changes prior to that time since the adoption of the Act in 1947, I believe, shortly after World War II. We found at that time that is in 1969, that the exercise of authority with respect to strategic goods was so stringently applied that practically no exports which could be considered in any way strategic, were going out of this country. We, therefore, in the amendments of 1969 adopted the availability elsewhere test as a factor bearing upon the issue of the "strategicness" of goods. This is a proper and sensible test.

What we will do by adoption of the Blackburn amendment is return to the earlier, over-zealous application of control over so-called strategic items and make the Secretary of Defense a kind of see-all, know-all, rule-all, with respect to all goods and technology. This amendment would require that all goods and technology for which a license is required be submitted to the Secretary of Defense to determine whether or not he wishes to disapprove of their export based upon his sole determination that such items would add a significant military capability to the recipient of those goods.

If we need some change in the administration of the act we should accomplish it through our oversight function and not by these regressive statutory amendments.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. SISK).

Mr. SISK. Mr. Chairman, I rise in opposition to the Blackburn substitute. With all due respect to the gentleman from Georgia and his intent, it seems to me, is that we are setting up an administrative monstrosity in connection with 20 Members of Congress that would have to be brought into the act to make decisions. I would hope more study is given to this particular approach, because I think there are real fears that it could hurt foreign sales, which we need so badly. I think the Hanna amendment is a better choice.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. CRANE).

Mr. CRANE. Mr. Chairman, I rise in support of the amendment of the gentleman from Georgia (Mr. BLACKBURN). It seems to me that very recently in the trade reform legislation this Congress chose to assert itself in the area of trade with respect to the Vanik-Mills amendment.

I think this particular amendment reasserts a responsibility that the Congress clearly has.

I want to remind some of my colleagues of the testimony before the subcommittee by Abraham Shipman, former Soviet adviser, about tanks used by the Syrians against the Israelis in the Yom Kippur war. Those were tanks manufacturered in the Soviet Union against the United States.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey (Mr. HUNT).

Mr. HUNT. Mr. Chairman, I rise in support of the Blackburn amendment. Listening to the discussion today, it appears to me we have talked long and loud in this Chamber about abrogating our rights in Congress to the President and the Federal agencies. The Blackburn amendment seeks to remedy this situation and also seeks to return the power to the Congress. There is ardent discussion about it, and a vote for the Blackburn amendment will rectify the unclear language in this bill.

If this law which is currently in effect were so good, why are we spending 3 hours on the floor here today to try to modify it? It would appear to me that the Secretary of Defense should have some export control as to what technology and machinery is supplied to the Russians or any other Communist country.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. BRAY).

Mr. BRAY. Mr. Chairman, I rise in support of the Blackburn amendment. We had something similar to this on the floor on July 29 on the military authorization conference report. This is generally a continuation of what we did then. This would in no way prohibit or stop the export of American agricultural products. This amendment would tend to stop the export of technology which could be very valuable to an enemy and this amendment would be of benefit to American labor and business.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. SMITH).

Mr. SMITH of New York. Mr. Chairman, I rise in support of the Blackburn-Dent amendment. I think it is time that the Members of Congress resume some of the decisionmaking powers as to whether we should sell some of our technological advances and equipment to some of the other nations in the world when there may be a question about the possible hostile military use of such technology and equipment.

(By unanimous consent, Mr. PEYSER yielded his time to Mr. FRENZEL.)

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. FRENZEL).

(Mr. FRENZEL asked and was given permission to revise and extend his remarks.)

Mr. FRENZEL. Mr. Chairman, I would like to introduce into the RECORD a letter from Secretary of Commerce Dent to the gentleman from Arizona (Mr. RHODES) the minority leader, expressing the administration's opposition to the Blackburn-Dent substitute for the Export Administration Act.

Among other things, Secretary Dent indicates that the sponsors of that amendment allege that there is a need for Congress to reassert its responsibilities. He says that it should be noted that a list of licenses issued by the Department of Commerce is published on a daily basis. The Export Administration Act requires the Secretary of Commerce to issue reports to the Congress.

Mr. Chairman, this Blackburn substitute dries up overseas agricultural markets, gives the Secretary of Defense a veto over the President, deprives Americans of jobs export-related and eliminates a chance to improve our balance of trade at a time when we have a $25 billion oil import situation.

It inhibits growth of détente, and is antitrade, antibusiness, antiagriculture. It should be soundly defeated today.

Mr. Chairman, the letter from Secretary of Commerce Dent follows:

THE SECRETARY OF COMMERCE,
Washington, D.C., July 12, 1974.

Hon. JOHN J. RHODES,
House of Representatives,
Washington, D.C.

DEAR MR. RHODES: I am writing you to express our strong opposition to the enactment of H.R. 15086, "the National Protection Act of 1974," a Bill introduced by Congressmen Ben Blackburn and John Dent, which would be offered as a substitute for H.R. 15264 to extend and amend the Export Administration Act of 1969. The principal objective of this Bill is to prevent what its sponsors preceive to be a massive outflow of highly sophisticated strategic equipment and technology from the U.S. to the Communist nations.

I want to assure you that under national security provisions of the Export Administration Act of 1969 and the policies under which these provisions are administered, the national security interests of the United States are fully protected. I believe the amendments to the national security provisions of the Act contemplated by H.R. 15086 to be undesirable and unnecessary.

First, under the export controls administered by the Department of Commerce, a list has been established that includes any commodity or technology which if exported to Communist countries might have an adverse impact on our national security. None of the items on this list may be exported to such countries without a license from this Department.

Second, any export that would contribute significantly to the military potential of a Communist country is not licensed. In considering whether or not to issue an export license, considerable attention is given to all the particulars of the proposed transaction, in consultation with representatives of other Federal agencies, including the Department of Defense. If there is any disagreement among the agencies involved, the agency concerned is given the opportunity to raise the issue to the highest levels, including the President.

Third, in answer to the contention that such amendments are also required to protect United States labor and industry from unfair communist competition, I would point out that there is ample statutory authority to safeguard American firms and workers from any unfair competitive advantage which might result from imports from Communist countries. To name but a few: the provisions of the Antidumping Act, the countervailing duty provisions, and the unfair trade practices provisions in the Tariff Act.

Fourth, there are those who believe that any trade whatsoever with Communist countries is harmful to United States security and economic interests. I do not question their sincerity and patriotism, but I must strongly disagree. In my opinion, closer commercial ties between the United States and the Communist world substantially contribute to the development of peaceful relations. Moreover, U.S. exports of $2.5 billion to those countries during 1973 reflect a balance of trade ratio of 5 to 1 in favor of the United States. These exports have meant jobs for American workers and have contributed to the prosperity of the American firms who employ them.

Finally, the sponsors of H.R. 15086 allege that there is a need for Congress to reassert its responsibilities. It should be noted that a list of licenses issued by the Department of Commerce is published on a daily basis. Moreover, the Export Administration Act requires the Secretary of Commerce to issue detailed quarterly reports to the Congress on the administration of export controls and his licensing policies thereunder.

In short, I believe that the enactment of H.R. 15086 is not only totally unnecessary but would actually be detrimental to the national interest. I urge you to vigorously oppose the enactment of this bill.

Sincerely,

FREDERICK B. DENT,
Secretary of Commerce.

The CHAIRMAN. The Chair recognizes the gentleman from Idaho (Mr. SYMMS).

(Mr. SYMMS asked and was given permission to revise and extend his remarks.)

Mr. SYMMS. Mr. Chairman, I rise in support of the Blackburn-Dent amendment. I represent a district which exports a great deal of agricultural products. The Blackburn amendment has the same protection for agriculture as the Hanna amendment which we are going to vote upon after we vote on the Blackburn amendment.

Mr. Chairman, we favor agriculture exports but we are tired of fattening the Russian Bear while we pluck the American Eagle.

It is pathologically irrational for us to spend nearly $100 billion to build our defenses to oppose the Soviet Union at a time when we are giving them technological material, which is helping them build their defenses.

Mr. Chairman, I join my distinguished colleagues in urging the adoption of the Blackburn-Dent amendment as a substitute for the Export Administration Act now under consideration. We must act now with the decisiveness which this proposal embodies if we are to terminate the inexcusable and potentially disastrous flow of American technology to the Soviet Union and other Communist countries.

I do not object to genuine reciprocal trading arrangements with any nations of the world. But thus far many of our commercial agreements, in particular with the Soviet Union, have consisted largely of concessionary deals which have often disregarded both our own national security and economic well-being. Americans have sold not only massive amounts of our food supplies but also our advanced computer technology and entire productive processes to the Soviet Union. We have not in these "sales" received any economic benefits as usually characterizes trade between nations. Instead extremely liberal credit arrangements have been worked out at a time when American consumers suffer from record high interest rates on all forms of loans.

A report issued on July 28, 1974, by the Senate Permanent Investigations Subcommittee revealed numerous misjudgments made in the sale of American grain to the Soviet Union. These transactions undoubtedly created product shortages and higher prices for American consumers. No such lucrative agricultural sale will be duplicated in the future, but in order to prevent similar economic disaster to American industry, we need the passage of this act which will stem the generous flow of American technology to the Soviet Union.

In a strictly competitive sense, American industry and labor risk grave dangers if they do not thoroughly familiarize themselves with the nature of Soviet industry and the potential role our export policies may play in the future. On their own, the Marxist managers have never been able to produce nearly as effectively as the free nations because of their failure to provide proper incentives to stimulate either ingenuity or industriousness. But by transferring the fruits of American creativity to the Soviet Union, we provide the rulers of the Kremlin with the capability of maintaining their military-industrial complex at a level of production which they could not attain within their own system. In the course of the debate today on the floor, each Member of this body must ask whether he can honestly say to himself and the constituents he represents that it is in the interest of the United States to either bail out the Soviet Union from their economic ineptitude or to modernize their facilities which pose a direct threat to our own national security.

The Soviet Union poses a potentially serious economic threat to the United States because of the nature of their political system. While they have been enthusiastically accepting the benefits which our free enterprise system has made available, they have not reflected any disposition to increase the liberty of the people within their own country. As such they have maintained rigid ideological views of management and labor. Just as they suppress any political dissidents in their country, so also they refuse to consider workers as anything more than an economic resource. Whether they use the estimated 1 million political prisoners directly in the Soviet factories or other Soviet citizens, the economic tsars in the Kremlin provide a kind of compensation that can only be characterized as slave labor. Consequently when we transfer entire productive processes to the Communists, such as the Kama River truck plant nearing completion, we may find our own machines producing competitive products at a lower cost because of the drastic wage differential between our two countries. American workers, as with free workers throughout the world, are much more productive than those simply working for the benefit of the state. But since productivity is integrally related to the machinery which workers use, this efficiency may be used against us when joined with a labor pool that survives at a subsistence level. The machinery we supply the Russians may prove our undoing in future sales in international markets and therefore reduce our exports which will lead to a loss of American jobs.

Probably an even greater danger to the United States than the potential competition of the Soviet Union is the use to which their newly acquired productive processes may be directed. Although we have had some additional cordial contact with the Soviet leaders and negotiated several agreements concerning the limitation of armaments, the fact remains that the U.S.S.R. and her allies continue to represent the only significant threat to our own national security in the world today. In recognition of that threat, the House has just passed last week the largest defense budget in our history. The Communist

leaders, whether in Moscow, Peking or elsewhere, have never abandoned their own ideals or aspirations which clash directly in almost all important respects with our own basic commitments. Therefore, to provide the nearly unlimited flow of technological assistance to the Soviet Union, which is what our trade policy has degenerated into, we build up the very nation which directly threatens us.

The direction the Soviet rulers continue to push their economy in is obvious in several recent reports. The Christian Science Monitor on July 24, 1974 pointed out that even—

> Pravda disclosed that the output of consumer goods in some of the largest enterprises of Ukrainian heavy industry amounted to less than one percent of the total.

Where the Soviets are directing their industry is evident in their continually escalating military spending and unlike the United States they do not have to allocate as much of their defense budget to manpower. The August 5, 1974 edition of Newsweek reports that the military budget of the Soviet Union will steadily rise to $93 billion by 1975 while that of the United States is expected to be approximately $86 billion that same year. The report notes—

> The bulk of the Soviet increase will go to replace existing ICBM's and to develop a new generation of missiles for future use.

Those new missiles can only be regarded as threatening our own security. Yet without the passage of this legislation we will continue to export to the Soviet Union precision ball bearing grinding machines, computer technology and other ingredients that are vital in the production of modern weapons of war.

If we had had the restrictions contained in the National Protection Act several years ago we probably now would not have to be spending as much money as we are now on our national defense. But by transferring military technological assistance through alleged peaceful trade, we have contributed to the Soviet development of MIRV's and thereby necessitated greater outlays by ourselves to counter a growing Soviet strategic threat. The Soviet consumer has not benefited from this trade policy and obviously the American taxpayer and borrower have suffered as well. With the passage of this legislation we can and must bring an abrupt halt to this indefensible export policy.

(By unanimous consent Mr. FOLEY yielded his time to Mr. HANNA.)

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. HANNA).

Mr. HANNA. Mr. Chairman, members of the committee, I hope the committee will oppose the Blackburn amendment. The amendment is making some very important changes in the policy of the United States. It changes the policy to say that we shall not trade with any of the Soviet bloc countries. It changes policy to say that we shall use our trade as a weapon in economic warfare and make that an expressed, open policy.

If the Members think this is not going to affect trade for agriculture and everything else, they do not understand the complexities and interactions of trade.

Mr. Chairman, I would suggest that we vote this down and give this matter the study and respect for the good of the Union which it deserves.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. BLACKBURN) for 45 seconds.

Mr. BLACKBURN. Mr. Chairman, I just want to address myself to one issue raised by the gentleman from Iowa (Mr. GROSS) as to whether agriculture is included with respect to that committee. That particular committee is only intended to concern itself with the export of technology and capital goods. That would not involve agricultural technology at all.

My amendment continues the existing language, which is a protection we voted for on behalf of the American farmer two years ago, and one which I think most of the people from the farm States are concerned about.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. ASHLEY) for 1½ minutes to close debate.

Mr. ASHLEY. Mr. Chairman, I cannot imagine a more deliberate affront that could be rendered by this body to President Ford than to adopt this amendment.

The President committed himself last night to continuing the foreign policy of the United States, a foreign policy which, under President Nixon, has engendered great pride, both in this country and throughout the world.

If this amendment is adopted, what it is saying to the Communist countries is that it is no longer United States policy to trade with Poland, Yugoslavia, Czechoslovakia, Romania, and the Soviet Union. There will be no trade with these countries. That is what this amendment says.

On page 2, line 6, it says—

> (1) in paragraph (1) thereof striking out 'countries with which we have diplomatic or trading relations, except those countries with which such trade has been determined by the President to be against the national interest' and inserting 'market economy countries and friendly nations—except nonmarket economy countries'.

This is a deliberate slap at the President of the United States, and I should think that those who support it should be ashamed of themselves.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. BLACKBURN) as a substitute for the amendment in the nature of a substitute offered by the gentleman from California (Mr. HANNA).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BLACKBURN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 142, noes 246, not voting 46, as follows:

[Roll No. 482]

AYES—142

Archer	Froehlich	Poage
Armstrong	Fuqua	Powell, Ohio
Ashbrook	Gaydos	Price, Tex.
Bafalis	Gilman	Quillen
Baker	Ginn	Randall
Bauman	Goldwater	Robinson, Va.
Beard	Goodling	Rogers
Bennett	Gross	Rousselot
Bevill	Grover	Runnels
Biaggi	Guyer	Ruth
Blackburn	Hanrahan	Sandman
Bray	Hansen, Wash.	Satterfield
Broyhill, N.C.	Hechler, W. Va.	Scherle
Broyhill, Va.	Henderson	Sebelius
Buchanan	Hillis	Shipley
Burgener	Hinshaw	Shoup
Burleson, Tex.	Holt	Shuster
Butler	Hudnut	Sikes
Byron	Hunt	Smith, N.Y.
Camp	Hutchinson	Snyder
Carter	Ichord	Spence
Casey, Tex.	Jarman	Steele
Chappell	Jones, Okla.	Steiger, Ariz.
Clancy	Kemp	Stratton
Clark	Ketchum	Stubblefield
Clausen, Don H.	King	Symms
Clawson, Del	Kuykendall	Talcott
Cleveland	Lagomarsino	Taylor, Mo.
Cochran	Landgrebe	Taylor, N.C.
Collins, Tex.	Lott	Towell, Nev.
Conlan	Lujan	Treen
Crane	McClory	Waggonner
Daniel, Dan	McDade	Walsh
Daniel, Robert W., Jr.	Mahon	Wampler
Davis, S.C.	Mann	White
Dent	Martin, N.C.	Whitten
Derwinski	Mathis, Ga.	Wilson, Bob
Devine	Mazzoli	Wilson, Charles H., Calif.
Dickinson	Miller	Winn
Dorn	Mink	Wolff
Downing	Mitchell, N.Y.	Wydler
Duncan	Mizell	Wyman
Fish	Montgomery	Yatron
Flood	Moorhead, Calif.	Young, Alaska
Flowers	Myers	Young, Fla.
Fountain	Nichols	Young, S.C.
Frey	Parris	Zion
	Pike	

NOES—246

Abdnor	Cotter	Harrington
Abzug	Coughlin	Harsha
Adams	Cronin	Hastings
Addabbo	Culver	Hays
Alexander	Daniels, Dominick V.	Heinz
Anderson, Calif.	Danielson	Helstoski
Anderson, Ill.	Davis, Wis.	Hicks
Andrews, N.C.	de la Garza	Hogan
Andrews, N. Dak.	Delaney	Holifield
Annunzio	Dellenback	Holtzman
Ashley	Dellums	Horton
Aspin	Denholm	Hosmer
Badillo	Dennis	Howard
Barrett	Donohue	Hungate
Bell	Drinan	Johnson, Calif.
Bergland	du Pont	Johnson, Colo.
Biester	Eckhardt	Johnson, Pa.
Bingham	Edwards, Ala.	Jones, N.C.
Boggs	Edwards, Calif.	Jordan
Boland	Eilberg	Karth
Bolling	Erlenborn	Kastenmeier
Bowen	Esch	Kazen
Brademas	Eshleman	Kluczynski
Breaux	Evans, Colo.	Koch
Breckinridge	Evins, Tenn.	Kyros
Brooks	Fascell	Latta
Broomfield	Findley	Lehman
Brotzman	Fisher	Lent
Brown, Calif.	Foley	Litton
Brown, Mich.	Ford	Long, La.
Brown, Ohio	Forsythe	Long, Md.
Burke, Calif.	Fraser	Luken
Burke, Fla.	Frelinghuysen	McCloskey
Burke, Mass.	Frenzel	McCollister
Burlison, Mo.	Gettys	McCormack
Burton, John	Giaimo	McEwen
Burton, Phillip	Gibbons	McFall
Carney, Ohio	Grasso	McKay
Cederberg	Green, Oreg.	McKinney
Chamberlain	Green, Pa.	Macdonald
Chisholm	Griffiths	Madden
Clay	Gude	Madigan
Cohen	Haley	Mallary
Collins, Ill.	Hamilton	Maraziti
Conable	Hammer-schmidt	Martin, Nebr.
Conte	Hanley	Mathias, Calif.
Corman	Hanna	Matsunaga
		Mayne
		Meeds

Melcher
Metcalfe
Mezvinsky
Michel
Milford
Mills
Minish
Mitchell, Md.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murtha
Natcher
Nedzi
Nelsen
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Patman
Patten
Perkins
Pettis
Peyser
Pickle
Preyer
Price, Ill.
Quie
Rangel
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Rodino
Roe
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Roy
Roybal
Ruppe
Ryan
St Germain
Sarasin
Sarbanes
Schneebeli
Schroeder
Selberling
Shriver
Sisk
Skubitz
Slack
Smith, Iowa
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Wis.
Stokes
Studds
Sullivan
Symington
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Traxler
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waldie
Ware
Whalen
Whitehurst
Wiggins
Wilson, Charles, Tex.
Wright
Wyatt
Wylie
Yates
Young, Ill.
Young, Tex.
Zablocki
Zwach

NOT VOTING—46

Arends
Blatnik
Brasco
Brinkley
Carey, N.Y.
Collier
Conyers
Davis, Ga.
Diggs
Dingell
Dulski
Flynt
Fulton
Gonzalez
Gray
Gubser
Gunter
Hansen, Idaho
Hawkins
Hébert
Heckler, Mass.
Huber
Jones, Ala.
Jones, Tenn.
Landrum
Leggett
McSpadden
Minshall, Ohio
Moss
Murphy, N.Y.
Passman
Pepper
Podell
Pritchard
Railsback
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Stephens
Stuckey
Teague
Thornton
Widnall
Williams
Young, Ga.

So the substitute amendment for the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Mr. MITCHELL of Maryland. Mr. Chairman, I move to strike the requisite number of words.

(Mr. MITCHELL of Maryland asked and was given permission to revise and extend his remarks.)

Mr. MITCHELL of Maryland. Mr. Chairman, I rise in opposition to the Hanna amendment.

As my colleagues are aware, there is a longstanding and substantial body of law which the Congress has designed to deal with problems arising in connection with imports. In addition to the various trade agreement acts, one can go back, for example, to the Antidumping Act of 1921.

This body of law recognizes that problems may arise as a result of the unrestricted import of a given product or commodity. Congress has wisely dealt with this situation, without which we all know disruptive effects on our economy would certainly have occurred and prevented the achievement of our unparalleled standard of living.

No such comparable body of law exists to deal with problems arising from unrestricted exports, in contrast to imports. We have been, and still are, a Nation of great abundance. Nevertheless, we are fast becoming more fully integrated in an increasingly interdependent world.

The committee recognized that the vague and unsystematic criteria which have prevailed until now with respect to exports will no longer suffice.

It is for this reason that the committee devoted extensive time to the development of more explicit guidelines for the administration of export controls, both in terms of substantive policy and in terms of procedures for the implementation of those policies.

These guidelines are contained in the legislation and in the committee report. They are essential if we are not to become a victim of excessive drains of scarce materials and the arbitrary application of vague policy which would prospectively discriminate in favor of one economic sector over another.

It is on this basis that I urge my colleagues to reject the amendment.

Mr. PEYSER. Mr. Chairman, I move to strike the requisite number of words.

(Mr. PEYSER asked and was given permission to revise and extend his remarks.)

Mr. PEYSER. Mr. Chairman, I take the floor at this time to speak in opposition to the Hanna amendment. I would like to direct myself specifically to the question dealing with agriculture. Many Members have expressed great concern over what can happen to agriculture if there is a change in the laws governing exports.

I think it is absolutely necessary that the provision of the committee bill remain intact, because we are in a situation today in this country where it very well may be that the Secretary of Agriculture may have to use the authorities that are developed under this bill for the protection of the American people and for the protection of our own economy.

I am well aware of the balance of trade implications, if there is any cutting in exports; but I am also aware of what the impact can be on our own people if we do not have the power to act before a crisis exists.

We are going to be short on corn in this country this year by at least 400 million bushels on the domestic market.

We heard the President last night say that inflation in our country and increasing costs are one of the things we have to fight. I agree completely. If we do not have an adequate situation on feeding existing for our cattle, beef prices are going to start zooming in this country as well as poultry and pork and they are going to start moving in the next 2 or 3 months. It may very well be that there is a need to change the pattern of export on corn or to have perhaps a moratorium, a brief moratorium of 30 or 60 or 90 days. I am not saying that is the answer; but this is a potential that should be available if we are concerned about what is going to happen to the consumer. In this case, if the price of beef goes up, it is not going to hurt the consumer, it is going to hurt the producer of beef, because as the problem develops, as the price rises and the consumer resistance is so great that they will not buy, we are going to be right back in the situation where we were a year ago. I think it is in the best interest of agriculture to have this committee bill.

Mr. BERGLAND. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Minnesota.

Mr. BERGLAND. I thank the gentleman for yielding. The gentleman has said he judges the corn crop to be 400 million bushels short of demand. From whom does the gentleman get his information?

Mr. PEYSER. This information came from the Department of Agriculture in talking with them of their estimate now of 4,900 million total bushels available, with export anticipated between 700 million and 900 million and our own consumption needs. On that basis, we will be approxmiately 400 million bushels short in this year, if these figures hold.

Our own consumption needs on that basis will be approximately 400 million short in this year if these figures hold.

Mr. BERGLAND. Mr. Chairman, if the gentleman will yield further, I would challenge the Department of Agriculture or anyone else to determine with any degree of reliability the rate at which corn will be fed to the livestock of the United States. The price impact dictates that more and more cattle producers will be feeding more on roughage and grass and less on corn. I do not agree with the contention that we will be running short.

Mr. PEYSER. Let me say to the gentleman that if that is correct and the Department of Agriculture were wrong on this, then I would see no harm at all in the committee bill because it would not in any way affect this. There would be no problem, so I find nothing wrong with the gentleman's statement.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Chairman, some time ago the Committee on Agriculture made an investigation of food prices in New York City. It found, as I remember the report, that some foods, simply being exported from the United States into Fun City, and crossing the Hudson River, practically doubled in price.

Mr. PEYSER. I appreciate the gentleman's comments.

Mr. GROSS. Does the gentleman think we need an export bill for New York City?

Mr. PEYSER. I thank the gentleman for his comment.

Mr. Chairman, I would like to close by saying that I think the Hanna amendment should be defeated and the committee amendment supported for the good of the entire country and not just the agriculture interests.

Mr. ASHLEY. Mr. Chairman, I ask unanimous consent that all debate on the Hanna amendment and all amendments thereto close at 7:10 p.m.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. Members standing at the time the request was made will be recognized for 1½ minutes each.

The Chair recognizes the gentleman from California (Mr. REES).

AMENDMENT OFFERED BY MR. REES TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. HANNA

Mr. REES. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. REES to the amendment in the nature of a substitute offered by Mr. HANNA: At the end of the amendment insert the following:

(b) Section 3(2)(A) of the Export Administration Act of 1969 is amended by striking out "and" and inserting in lieu thereof "or".

Mr. REES. Mr. Chairman, I do not think there is opposition to the amendment.

When the administration first wanted to amend the act, they wanted to do two things. One is to extend it for 2 years, and the other was to broaden the criteria to be used in determining whether there should be an export control.

Right now the text says:

It is the policy of the United States to use export controls to the extent necessary to protect the domestic economy from an excess of drainage of scarce material and to reduce the serious inflationary impact of abnormal foreign demand.

This would merely change "and" to "or," so that they could use either one of those tests as the tests used to find out if they should have export control.

This in no way affects agriculture or it does not attach itself to any of the language affecting agriculture that we have been discussing. It merely allows a one-pronged test, now they have to make two findings, some of which can be contradictory in nature.

Therefore, Mr. Chairman, I ask for an "aye" vote on my amendment.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. REES. I yield to the gentleman from Ohio.

Mr. ASHLEY. It is a fact that there was no opposition to this by the committee, and it is supported by the administration.

Mr. MAYNE. Mr. Chairman, I rise in opposition to this amendment. This is precisely what we were talking about several times earlier. This does greatly increase the danger of controls on agricultural exports because whereas now there are two requirements which must be met before the Secretary can limit exports, this amendment by changing "and" to "or" would allow the Secretary to eliminate one of those requirements.

This insertion of the word "or" rather than "and" will greatly increase the likelihood that export controls can be invoked.

Mr. Chairman, I very much hope that the Members of the committee will vote against this very harmful amendment.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. MAYNE. I yield to the gentleman from California.

Mr. REES. It does not in any way affect the protections afforded by section 4(e), which has to do with what findings must be made before they can declare export controls on agricultural products.

That was the section that was knocked out of the original bill, and the "and-or" does not affect that at all.

All we are talking about is the policy section. The statutory protection for agriculture is still in the act.

Mr. MAYNE. I still say that this will eliminate the double protection by removing one. When you say "or" rather than "and," it removes one of those requirements.

The CHAIRMAN. The Chair recognizes Mr. SMITH from Iowa for 1½ minutes.

(By unanimous consent, Mr. SCHERLE yielded his time to Mr. SMITH of Iowa).

Mr. SMITH of Iowa. Mr. Chairman, I am opposed to the Rees amendment, and I am for the Hanna substitute. The Rees amendment makes the threat of export controls greater. It is the threat of controls that is the difficulty. I wonder how long it will take some people to understand that Government controls are in the long run inflationary.

Export controls are inflationary. Price controls are inflationary. Any kind of Government controls are inflationary, in the long run. There may be a short period of time when they can hold things more stable, but in the long run, they are inflationary.

The very threat that there may be export controls applied is the bad thing.

For example, take wheat. Last spring wheat went to $6 a bushel when the foreign buyers thought we were going to apply export controls. As soon as they found the threat was gone, it went down to $1.50 a bushel. Why? Because they had 130 million bushels bought in excess of needs.

It is the hoarding and disruption of the market system that causes the difficulty with these kinds of controls.

In addition to that, I might point out that we need credit and much larger inputs in the industries where a shortage exists.

When we come to a shortage, such as in corn, which was mentioned a minute ago, we may need to irrigate more land if we want to have more corn.

When there is a threat of export controls preventing a price to cover higher costs, what banker is going to lend more money to irrigate more land or to pay three times as much for fertilizer as was paid last year?

Reducing the incentive to expand is in and of itself inflationary, and could cause the disruption of the whole system.

In addition to that, it causes disruption of the transportation system. Last winter they were shipping wheat as fast as they could ship it when there was a threat of export controls but after the threat of export controls vanished, they did not have enough to fill the boxcars in this country.

Mr. BLACKBURN. Mr. Chairman, will the gentleman yield.

Mr. SMITH of Iowa. I yield to the gentleman from Iowa.

Mr. BLACKBURN. Mr. Chairman, I appreciate the gentleman's yielding, and I wish to associate myself with the gentleman's remarks.

I urge the rejection of the Rees amendment and the adoption of the Hanna amendment as it now exists.

Mr. SMITH of Iowa. Mr. Chairman, I want to mention this also for the benefit of some of the Members here who are interested in coal: We ship over $1 billion worth of coal a year. Some people now want to put export controls on coal.

The only reason we are producing this much coal is because we have some foreign customers, and to come along today and say that as of today there will be no more shipments of coal overseas is drastic, and it deflates the very base, as a matter of fact, on which we produce in order to have goods to ship overseas. This is inflationary in the long run.

Mr. Chairman, the best thing we can do is to extend for 2 years the existing law, which in fact is not needed because there is an Executive order under the 1917 law, which covers strategic materials.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. REES) to the amendment in the nature of a substitute offered by the gentleman from California (Mr. HANNA).

The amendment to the amendment in the nature of a substitute was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. YOUNG).

AMENDMENT OFFERED BY MR. YOUNG OF TEXAS TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. HANNA

Mr. YOUNG of Texas. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. YOUNG of Texas to the amendment in the nature of a substitute offered by Mr. HANNA: At the end of the amendment insert the following new section:

"SEC. 2. Section 4(b)(1) of the Export Administration Act of 1969 is amended by adding at the end thereof the following: "In curtailing the exportation of any articles, materials, or supplies to effectuate the policy set forth in section 3(2)(A) of this Act, the President is authorized and directed to allocate a portion of export licenses on the basis of factors other than a prior history of exportation"."

Redesignate succeeding sections accordingly.

Mr. YOUNG of Texas. Mr. Chairman, as was read, this is a very simple amendment. It simply seeks to extend the President's power in authorizing the licensing of people for exportation purposes.

It has nothing to do with a limitation on the amount to be exported or anything of that nature. It simply goes to breaking a monopoly that has been developed in connection with the exportation chiefly of scrap metal.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Texas. I yield to the gentleman from Ohio.

Mr. ASHLEY. Mr. Chairman, I am pleased to support the gentleman's amendment, and I wish to say it is acceptable to the committee.

It is designed, as I understand it—and I think I do—to diminish the development of monopolies in connection with the granting of export licenses for reasons of short supply. This is consistent with the present legislation, and I am pleased to accept the amendment.

Mr. BLACKBURN. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Texas. I yield to the gentleman from Georgia.

Mr. BLACKBURN. Mr. Chairman, I am happy to accept the amendment. We have no objection to the gentleman's amendment on this side of the aisle.

Mr. FRENZEL. Mr. Chairman, I move to strike the last word.

I wonder if the gentleman from Texas would answer a question. I simply want to establish the fact that the gentleman's amendment makes no effort to allow the Department of Commerce, acting for the President, to conduct any auction of export licenses.

The committee was very firm, I believe, on this point, in response to the request of the Department of Commerce. We do not care about setting up some different kind of allocation, but I hope the gentleman did not have auction sales in mind.

Mr. YOUNG of Texas. Mr. Chairman, if the gentleman will yield, I will assure the gentleman that I did not.

Mr. FRENZEL. Mr. Chairman, I thank the gentleman for establishing that point.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. YOUNG) to the amendment in the nature of a substitute offered by the gentleman from California (Mr. HANNA).

The amendment to the amendment in the nature of a substitute was agreed to.

AMENDMENT OFFERED BY MR. VANIK TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. HANNA

Mr. VANIK. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. VANIK to the amendment in the nature of a substitute offered by Mr. HANNA: On page 3, immediately after line 7, insert the following new subsection:

"(b) Section 4 of the Export Administration Act of 1969 (50 U.S.C. App. 2403) is amended to include the following new subsection:

"(f)(1) The Secretary of Commerce, after consulting with the Secretary of the Treasury, the Attorney General, and the Secretary of State, shall establish regulations for the licensing of exports of all police, law enforcement, or security equipment manufactured for use in surveillance, eavesdropping, crowd control, interrogations, or penal retribution.

"(2) Any license proposed to be issued under this subsection shall be reviewed by the Attorney General and shall be submitted to the Congress. The Congress shall have a period of sixty calendar days of continuous session of both Houses after the date on which the license is transmitted to the Congress to disapprove the issuance of a license by the adoption in either House of a resolution disapproving the proposed license.

"(3) The Secretary of Commerce, with the concurrence of the Secretary of the Treasury, the Attorney General, and the Secretary of State, may by regulation exempt individual countries and specific categories of police, law enforcement, or security equipment from the congressional review and disapproval authority set forth in paragraph (2) if he finds and determines export of the equipment would not threaten fundamental human and civil liberties."

On page 3, line 8, strike "(b)" and insert "(c)".

(Mr. VANIK asked and was given permission to revise and extend his remarks.)

Mr. VANIK. Mr. Chairman, the amendment I am offering to the Export Administration Act (H.R. 15264) is designed to regulate the export of American made police-type equipment. Examples of such equipment include dart guns, "Stun guns," psychological stress monitoring devices, voice print identification equipment, and other sophisticated police-related equipment.

Mr. Chairman, my concern over the present export controls of this equipment was motivated by information that the Soviet Union, sponsoring an International Criminology Convention starting August 14, planned to exhibit a wide variety of police devices and equipment that are made in America.

All of us are familiar with the horrible plight of some Russian dissenters, particularly after the emigration of Alexander Solzhenitsyn and the publication of his book, "The Gulag Archipelago." Dissent in that country, as well as other countries in this world, is not tolerated. The persons who voice dissent are often the subject of cruel repression and police state tactics in order to silence them. The fundamental human rights that most of us take for granted are invaded or denied outright. Personal privacy and simple human decency go by the wayside as conversations are overheard, family members followed and harassed, and persons thrown into confinement on the most trumped-up of charges.

Mr. Chairman, it appears that the equipment that several American manufacturers sought to exhibit at the Soviet Union's "Krimtekhnika" trade fair could, or would, have been used for exactly these kinds of human oppression. It would have been a terrible abuse of American technology if this equipment, stamped "Made in America," was used to suppress human freedoms and support police state countries anywhere in the world.

After I learned of the apparent ease with which American police equipment could be exported, I wrote to the Department of Commerce and also to the Secretary of State inquiring into the propriety of such exports. In response to my letter, Secretary Dent initiated a change of the existing export regulations to require potential exporters of police-type equipment to possess a valid export license if those products might be sold to any of the several Communist countries.

The Assistant Secretary of State also replied to my letter, concurring with the change in the Department of Commerce's regulations.

Mr. Chairman, I offer this amendment today despite this quick and responsible reaction by the Department of Commerce for several reasons: the Department of Commerce regulations apply only to the "U.S.S.R., Eastern Europe, and the People's Republic of China." We must not allow American-made police equipment to be exported to any country where the rights and freedoms of its people are clearly being abused and neglected. Can we in good conscience allow export of Mace, or lie detectors, or covert listening devices, or dart guns, to South Korea, for instance? Can we be sure that police equipment destined for South Vietnam will be used for legitimate crime control rather than political harassment and detention? Could such exports to certain South American countries serve to increase the cruelty that has been shown to political prisoners?

Although Secretary Dent has acted very admirably in this situation, we have no guarantee that a succeeding Secretary may not reverse the regulations using the same administrative procedure that brought about this change. The statutory language of my amendment would preclude such an administrative revocation.

An amendment identical to the one I offer today was accepted unanimously by the other body on July 31. As 1 of the 53 cosponsors of the House bill, I urge my colleagues to vote in favor of this amendment.

Mr. ASHLEY. Mr. Chairman, I must rise in opposition to the amendment offered by the gentleman from Ohio (Mr. VANIK) although the amendment might, for one reason or another, have a superficial appeal.

Let me state that the Department of Commerce, with the support of and at the request of the Department of State, placed under export license control a broad range of crime control and detection instruments for Communist destinations. This has already been taken care of. The amendment offered by the gentleman from Ohio (Mr. VANIK) would broaden this control policy to all countries. The amendment that would fasten on the Congress the obligation on a case-by-case basis, to decide whether anti-hijacking and other crime detection electronic devices shall be approved for export to a particular country.

I say that this is the wrong way to go about this. If we do it for this product area, with these few articles, where will we stop?

The amendment should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. VANIK) to the amendment in the nature of a substitute offered by the gentleman from California (Mr. HANNA).

The amendment to the amendment in the nature of a substitute was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. LANDGREBE).

(Mr. LANDGREBE asked and was given permission to revise and extend his remarks.)

Mr. LANDGREBE. Mr. Chairman, I rise in support of the amendment in the nature of a substitute offered by the gentleman from California (Mr. HANNA).

AMENDMENT OFFERED BY MR. SARASIN TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. HANNA

Mr. SARASIN. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. SARASIN to the amendment in the nature of a substitute offered by Mr. HANNA: At the end of the

amendment in the nature of a substitute, insert the following new section:

SEC. —(a) The Comptroller General of the United States shall conduct a continuing review of the effectiveness of procedures implemented by the Secretary of Commerce under the Export Administration Act of 1969 to carry out the policies set forth in section 3(2)(A) of such Act. In carrying out such review the Comptroller General shall consider, among other relevant factors—

(1) current and projected domestic shortages of commodities, export levels of these commodities, the impact on domestic prices and employment of such shortages, and anticipated domestic and foreign demand for such commodities; and

(2) the need for additional export controls of commodities in short supply, the time and manner in which such controls should be implemented, and the recommended duration of any such controls.

(b)(1) The Comptroller General shall transmit to the Committee on Banking and Currency of the House of Representatives and the Committee on Banking, Housing and Urban Affairs of the Senate reports from time to time setting forth the results of the review required by subsection (a).

(2) In addition, the Comptroller General shall transmit to the Committee on Banking and Currency of the House of Representatives and the Committee on Banking, Housing and Urban Affairs of the Senate a special report whenever he determines that there is a domestic shortage of any commodity which, together with exports of that commodity, threatens domestic price stability of that commodity or employment related to that commodity. Such report shall contain the Comptroller General's estimate of the extent of the domestic shortage of that commodity, the current and projected export levels, and the projected domestic price and employment impact at projected export levels. The Comptroller General shall include such recommendations for legislative or administrative actions as he deems appropriate.

(Mr. SARASIN asked and was given permission to revise and extend his remarks.)

Mr. SARASIN. Mr. Chairman, I am offering an amendment to the Export Administration Act amendments designed to help Congres deal more effectively with the inflation and unemployment facing our Nation.

Unchecked and unaudited exportation in the worldwide market has created economic dislocation and domestic hardship in the United States. The inflation and unemployment which threatens our domestic economy was influenced by our tendency to overexport domestic supplies of commodities selling at a premium abroad.

Congress has continually been forced into a position of reacting to a crisis already upon us. Instead, we need sufficient information to make reasoned decisions to avoid future grain deal miscalculations or petrochemical shortages. The amendment directs the Government Accounting Office—GAO—and the Comptroller General of the United States to monitor the exportation of key commodities and project the potential effects of export policies on the domestic economy.

GAO will review the data and reports submitted by the Department of Commerce, Agriculture, or any other Federal department or agency concerning the present and future status of short supply commodities. In this way, Congress will receive an informed assessment of the domestic and foreign demand of certain agricultural commodities, scrap metals, and petrochemicals. Furthermore, the prices of these commodities, both home and abroad, and the employment factors will be considered in recommendations made to Congress. The amendment also calls upon GAO to assess the need for additional export controls of a commodity in short supply although the amendment is not designed to have any effect on exports in itself. GAO and the Comptroller General will insure that Congress receives information to make rational decisions if the export levels of certain short supply materials or products threaten our domestic economy.

Under normal circumstances, the Comptroller General will provide Congress with an assessment of the short supply commodity situations once or twice a year. In a crisis situation, he is also directed to issue emergency reports if the exportation of a commodity threaten domestic prices or employment stability. The amendment does not propose that the Comptroller General or GAO duplicate the information gathering activities of Federal departments and agencies. Instead, they are directed to monitor the assessment of short supply commodities. They will seek independent information only if they find fault with the data provided concerning the quantities necessary to meet domestic consumption, exportation and to provide carryover for disaster relief.

I am pleased to say that many of my colleagues, the Comptroller General, Mr. Elmer Staats, and various groups such as the American Bakers Association, the Organization of Plastics Processors, and the Cast Iron Pipe Research Association have endorsed the amendment.

We recognize that the overexportation and lack of information in the past few years must stop. We cannot afford to continue to assume the domestic costs of a massive wheat sale, for instance. In 1972, the price of wheat rose from $1.65 a bushel before the Soviet wheat deal, to $4 a bushel after the sale was completed. The Government subsidy for the difference between $1.65 and $4 came from each taxpayer's pocket. While no shortage existed at the time of the deal, the information as to the actual amount of wheat being sold was not adequate and after 2 months of the policy the price of wheat had doubled.

As another example, the oil squeeze resulted in the shortage of petrochemical feedstocks. I can personally testify to the adverse effects on many industries in my district. According to the Cost of Living Council a 15-percent decrease in the domestic petrochemical supply could saddle the Nation with 1.6 to 1.9 million lost jobs. We can no longer countenance the chain of events which lead to these severe shortages. Increased exportation of plastics resins and petrochemical feedstocks was followed by the termination of domestic price controls. As a result, the wholesale price index for 10 plastic resins increased 27.6 percent in 2 months. Sample increases in the same 2-month period included a 35.7-percent increase in the wholesale price of polyvinyl chloride resin and a 49.4-percent increase for general purpose polystyrene resin. Yet, nothing was done to increase the domestic supply of plastic resin and other petrochemical feedstocks.

We need reliable information as to the supply and demand of short supply materials. We can secure such an assessment if GAO and the Comptroller General review the reports and the data from the concerned Federal agencies and departments, and assess the implementation of an export control policy. We are not creating a new agency or duplicating the present efforts but insuring that Congress receives the necessary information to make rational decisions. We must take steps now, to fight against the inflation and unemployment that plagues our Nation.

Mr. SISK. Mr. Chairman, I rise in opposition to the amendment.

(Mr. SISK asked and was given permission to revise and extend his remarks.)

Mr. SISK. Mr. Chairman, unfortunately, I have not actually seen the amendment, but it sounds to me as though we are attempting to incorporate into the Hanna substitute some of the provisions that have caused grave concern in connection with the original bill. I would hope, Mr. Chairman, that the committee, in its wisdom, would see fit to vote against the amendment.

As I said, I have, unfortunately, not had ample time to read it, but the best I can interpret it as is an attempt, again I say, to strap onto the administering agency additional requirements in connection with the matter of assessment of scarcities, and so on, which are, as I say, the prime concern that many of us have about the original bill. Therefore, I simply would urge that the amendment be rejected.

Mr. SARASIN. Mr. Chairman, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Connecticut.

Mr. SARASIN. I thank the gentleman for yielding.

I point out to the gentleman that there is no attempt here to require the agency to do much more than it certainly is capable of doing now. It will provide relevant information so that we can act.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. BLACKBURN).

(Mr. BLACKBURN asked and was given permission to revise and extend his remarks.)

Mr. BLACKBURN. Mr. Chairman, it is with reluctance that I rise in opposition to the amendment offered by my very dear colleague, the gentleman from Connecticut.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut (Mr. SARASIN) to the amendment in the nature of a substitute offered by the gentleman from California (Mr. HANNA).

The amendment to the amendment in the nature of a substitute was rejected.

The CHAIRMAN. The Chair recog-

nizes the gentleman from Kansas (Mr. SEBELIUS).

(Mr. SEBELIUS asked and was given permission to revise and extend his remarks.)

(By unanimous consent, Messrs. MIZELL and WINN yielded their time to Mr. SEBELIUS).

Mr. SEBELIUS. Mr. Chairman, I am for the Hanna substitute and I appreciate the opportunity to discuss H.R. 15264, the Export Administration Act amendments of 1974.

In essence, this bill liberalizes the conditions which could trigger Federal controls upon our Nation's exports. It also sets up procedures for food processors and other groups to petition for Federal action. Considering yesterday's crop estimate by the Department of Agriculture, the rise in food prices and the coming election. I would also think this bill represents the kind of offer my urban and consumer oriented colleagues cannot refuse.

Despite the apparent logic of this bill and despite its obvious political appeal, I urge my colleagues to consider several facts.

I realize it is difficult for the American housewife to understand why this country, in a time of rising food prices, should continue a policy of exporting farm products. The reason is that our farm production far exceeds what the consumer uses. I have the privilege of representing the largest wheat producing district in our Nation and the greatest wheat producing area in the world. What we use here at home represents only 35 percent of our total supplies.

Export controls will break the wheat market. If we break the wheat market we put the wheat grower in a position where he faces a loss of income at the same time he must somehow pay for unprecedented production costs. The practical effect of this bill would be to send wheat prices tumbling just at the time when farmers are holding their grain in the hope the price will reach levels that will enable them to pay for soaring production costs.

In addition, I do not think it is parochial speculation in stating that this bill will not provide answers to the consumer's food price problem. The answer to our food price problem is production and the way to produce is to provide incentive for the farmer to produce. We even have a current example.

Several months ago the American Baker's Association claimed throughout the Nation's press that if export controls were not imposed, the American consumer would soon experience bread prices at the dollar-a-loaf level. As I said at the time, these claims and the orchestration of this misinformation proved most unfortunate. The threat of export controls, along with several other market factors, put the wheat producer on a roller-coaster ride that eventually saw his price reduced by 50 percent. What happened to the price of a loaf of bread? It stayed the same or increased.

Who profited by this export control exercise? It was not the consumer. It certainly was not the farmer. It is rather obvious who profited and it is rather obvious who will profit if we pass this legislation.

We grow wheat in my country but let us talk about other crops. Domestic use of rice accounted for 38.5 percent of the 1973 supply. In corn, domestic use accounted for 74 percent; in cotton, only 44 percent and in soybeans, only 56 percent. In fact, we are not talking about tinkering with our export control machinery to guard against inadequate supplies of farm products, we are talking about export controls largely because of those who fail to purchase necessary requirements because they think the price is too high.

Now I have made the statement this bill will not provide relief to the consumer's food price problem, but I want to make it clear these amendments will directly affect the consumer. Unfortunately, the effect will not be what the consumer wants.

We are all familiar with the rising cost of fuel imports. Oil imports last year cost a total of $9.3 billion. Yet, the United States paid for this cost with agricultural exports exceeding agricultural imports in the amount of $11.8 billion. The difference was the $2.8 billion in U.S. trade surplus for fiscal year 1974. What I am saying is this, we will be successful in paying for the increased cost of oil imports only if the farmer has the freedom to market at home and abroad. Our farm exports foot the Nation's oil bill.

The laboring man should also beware of just how closely the future of every American working man is tied to the farmer's future. Approximately 450,000 nonfarm jobs are directly or indirectly related to assembling, processing and distributing agricultural commodities for export.

I have one more point that I feel should be stressed. A short time ago many of us in this body signed a declaration on food and population to be submitted to the United Nations pledging the assistance of the United States to prevent world hunger and famine.

That declaration has been signed by more than 50 Members of Congress and 1,500 representatives from over 100 countries. It states the United States will support a worldwide effort to increase food production.

The best answer to the world food problem is production. The farmer will be able to produce only if he receives a fair return at the marketplace. If we make it easier to impose export controls and put this decision-making power in the hands of folks who do not represent the farmer, we once again are traveling down the road to Government-controlled markets, depressed prices and decreased production.

We are also telling our trade partners throughout the world that if they enter into long-range contracts with the United States that contract depends, in part, on domestic prices and the political situation.

Mr. Chairman, the present Export Administration Act has served the national interest. The mechanics of the existing law have worked quite well. Provisions in the present law cover export controls should that eventuality be required. I might add that no farmer or farm organization or those of us in the Congress who are privileged to represent rural areas will oppose export controls if they are truly needed. But we are not talking about a supply problem here, we are talking about a price problem.

The farmer today has gained increased access to foreign markets. With these markets we have been able to end decades of farm subsidy programs and witness the dawn of a new era where the farmer may be able to get a fair return at the marketplace.

We have just come through a period in which we witnessed the devastating result of controls in our economy. These controls have nearly ruined the livestock industry. It is most ironic that after disrupting the entire beef industry with blame, boycotts, controls, we found it necessary to enact emergency legislation to keep producers in business.

Let us not repeat this mistake. Export controls on farm products are counterproductive. They do not result in lower food prices. They do result in lower farm prices and they do result in decreased production. In my congressional district today, farmers have millions of bushels of grain in on-farm storage. Even with soaring production costs, shortages, and drought, we have the capability of feeding this Nation and helping to feed a troubled and hungry world.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. POAGE).

Mr. POAGE. Mr. Chairman, if we could move in this House as rapidly as we can forget, we would have been adjourned 2 hours ago.

It has been only a few weeks that almost all of us agreed that price controls were not productive and they were something that did not belong as a part of our Government. Now we are called upon to adopt a price control bill.

There is no other purpose in this bill than to control prices and to immediately force farm prices down. This is occurring at the very time when we need incentives to get additional agricultural production, and even if there was never any application of it by the agencies, the very threat of its existence must necessarily force thousands of farmers out of production because they will not be able to get the credit to make next year's crop.

There has to be stability in agriculture if we are going to have production. When we vote against the Hanna amendment, we are voting against stability. When we vote for this bill, we are voting for price controls. I do not believe this House wants to adopt a price control bill in a bag—especially a bill which nobody can even know what the controls will be or when they will be imposed. I urge you to support the Hanna substitute.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. ANDERSON).

(Mr. ANDERSON of Illinois asked and was given permission to revise and extend his remarks.)

Mr. ANDERSON of Illinois. Mr. Chairman, I rise in support of the amendment in the nature of a substitute offered by the gentleman from California (Mr. HANNA), simply because I be-

lieve that export controls are not the answer to the problem of inflation, which is public enemy No. 1, as we heard from the President last night.

Limiting agricultural exports would be akin to killing the goose that laid the golden egg. Notwithstanding the current spiral of prices the American consumer continues to pay a smaller percentage of his income for food than any other consumer in the industrialized world. He does so in large measure because the agricultural sector of the U.S. economy is a major competitor in the world marketplace. The competitive pressures of international trade in agricultural commodities has made the U.S. farmer and agribusinessman the most efficient and productive major component of our economy. To begin to curtail his production for the world market—now 25 percent of his sales—would in the long run undermine his efficiency, cut his production and raise the price of his product in the domestic market.

Proposals to limit exports because of anticipated domestic price increases are nothing more than indirect price controls and they will have the same effect. Deprived of the international market where he can receive a relative higher price than he can in the domestic market the agricultural producer is not simply going to divert his production to the domestic market. In the long run under such conditions he will cut production. Faced with a lower price for his commodity but the same costs of production, rational behavior demands production cutbacks. That is exactly what happened under the wage price controls we have discarded.

In effect these proposals sow the seed of their own destruction. Reacting to reports of disminished crops, and as a result a diminished supply of agricultural commodities for the domestic market, they would raise the barrier to export and seemingly shore up domestic supply. It is possible that for the existing crop year this policy might meet with some success. But in ensuing crop years the threat of Government intervention sealing off the world market in times of bad harvests would raise a significant disincentive to attempts to increase production. And in the long run the curtailment of supply can mean only one thing—higher prices.

Moreover, in the context of the balance of payments it is not an overstatement to state that unless we continue to aggressively expand our agricultural exports we will go broke paying for rapidly increasing amounts of petroleum we must import. The following figures suggest why. With many major oil producing nations having raised their prices by as much as 200 percent the 1974 U.S. petroleum import bill could rise by more than $12 billion—more than four times the 1970 level. Because of our increasing lack of competitiveness in labor intensive products and many consumer goods, and because of the growing technological sophistication of our competitors, it is unlikely that this rising oil deficit can be offset by increases in the export of traditional industrial products.

It can be plausibly argued, however, that by continuing to expand farm exports to the maximum degree possible we can begin to absorb this dollar outflow. Just prior to the oil embargo the U.S. trade account was almost in balance for 1973—an abrupt reversal from the $6.5 billion deficit the year before. A very large share of the turn-around is accounted for by the surge in agricultural exports. Comparing the actual trade figures with what they would have been had farm exports increased only at the same rate as total exports gives you an idea of how crucial they are to our overall balance of payments. A 31-percent annual rate of growth (total exports) as opposed to the actual 64.2-percent rate would have resulted in a fall in farm exports of more than $3 billion.

The CHAIRMAN. The Chair recognizes the gentleman from Washington (Mr. MEEDS).

(Mr. MEEDS asked and was given permission to revise and extend his remarks.)

Mr. MEEDS. Mr. Chairman, I rise in support of H.R. 15264, the bill to amend the Export Administration Act. I particularly want to draw attention to sections 2 and 6 of the measure, which are designed to help the United States deal with exports of short supply commodities.

As the committee report indicates clearly, our country in the past 2 years has been plagued by scarcities in commodities such as softwood logs, soybeans, scrap steel, and other goods. H.R. 15264 provides that the Secretary of Commerce shall develop forecasts of commodities which may become in short supply, and following a formal petition by affected parties, he could impose controls.

In the Pacific Northwest of the United States we have been concerned for many years about shortages in softwood logs. Owners and employees of smaller sawmills and plywood mills are having to pay higher and higher prices for fewer logs. At the same time, we are suffering a serious trade imbalance as we continue to export raw materials and import finished forest products.

The July 15, 1974, issue of Forbes magazine details the situation in dollar terms. Last year we exported $3.1 billion worth of forest products and imported $4.5 billion worth of products, chiefly lumber, paper, and market pulp from Canada, and tropical hardwoods. But there is more to the story.

Between 1955 and 1972 our exports of softwood logs—unprocessed logs—increased from 166 million board feet to 3.1 billion board feet. Yet our lumber imports increased during this period from 3.6 billion board feet to 9.4 billion board feet. Twenty new pulp and paper mills have been built in British Columbia in the past two decades, and they serve primarily the American market.

The U.S. Forest Service is projecting massive increases in American and world wood consumption over the next 30 years. The actual level of consumption will be affected by prices, but there can be no doubt that under the most conservative estimate, we are not going to have enough wood domestically grown to meet our own needs. This situation will be made worse by conditions on the industry-owned timberlands in the Pacific Northwest, the Forest Service maintains. They say that between 1970 and 2000, there will be a decline of 73 percent in the annual harvests on industry-owned lands in western Oregon, and a 58-percent decline in western Washington. The agency is forecasting a loss of 55,000 jobs in the wood products industries of this Douglas-fir region.

In response to the log export controversy, the governors of Washington, Oregon, and Idaho last year hired the Stanford Research Institute to write a report on the timber situation and what should be done. Release in April of 1974, the report recommended a sharp cutback in the exporting of short supply softwood logs. I support this recommendation.

Mr. Chairman, as we debate H.R. 15264 here this afternoon, Members should know that the U.S. Forest Service today released a long range series of alternatives for our public forests. How we manage the people's forests will depend a great deal on supplies of timber from other sources and on how much money we are willing to spend on growing trees. By implementing export controls on softwood logs and chips, we could, in the long run, be able to improve our balance of trade by exporting more finished products which would have a higher value than unprocessed materials. Sections 2 and 6 of this bill provide a fair and workable method of assuring against shortages in a basic area of our economy.

(By unanimous consent, Mr. MEEDS yielded his time to Mr. HAYS).

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina (Mr. YOUNG).

(Mr. YOUNG of South Carolina asked and was given permission to revise and extend his remarks.)

Mr. YOUNG of South Carolina. Mr. Chairman, I support the gentleman from California in his amendment. I think, as my colleague from Iowa pointed out awhile ago, that when the export controls were put on soybeans, the price of soybeans dropped from $11 to $6.

There was also a threat when the cotton crop was short to put export controls on the cotton that could leave this country. Automatically the price of cotton started down under this threat.

On the farm, we have had a survival of the fittest. In order to get world markets and strengthen our support markets, we on the farm have contributed 1 cent a bushel to foreign market sales for soybeans. We have contributed $1 a bale for cotton to help with our export of cotton, all into the world markets.

We do not have many farmers left. If we destroy now our ability to sell in the world market, we will even have less farmers left to produce not only the food for this country, but the food for the world.

Now, how much farming can be done in the urban areas? I do not think very much.

The CHAIRMAN. The Chair recognizes

the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Chairman, I rise in support of the Hanna amendment. In an earlier colloquy, Mr. ASHLEY acknowledged that if the legislation now before us is enacted, it will be a cloud over every contract for agricultural exports.

The Hanna substitute would remove that cloud. If the Hanna substitute is voted down, those of us who have deep concern for the development and maintenance of our expanding foreign trade, which is so important to all of us, will have no choice but to deal with the problem piecemeal. We will have to offer amendment after amendment, and it will take about five amendments to clear away this cloud which would otherwise hang over the contracts for foreign sales.

Therefore, I urge my colleagues to shorten the evening and do themselves a great favor by supporting the Hanna substitute.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. BERGLAND).

Mr. BERGLAND. Mr. Chairman, I rise in support of the Hanna substitute.

The CHAIRMAN. The Chair recognizes the gentleman from South Dakota (Mr. ABDNOR).

(Mr. ABDNOR asked and was given permission to revise and extend his remarks.)

Mr. ABDNOR. Mr. Chairman, the committee amendments to the current Export Administration Act causes me great concern. I favor the Export Administration Act under which we have operated the last few years. Recently it has provided for necessary restraints on such products as police equipment for the Soviet Union. The language adopted by the committee in their amendments, however, could place the American farmer and consumer at a great disadvantage. The new procedure whereby a substantial segment of an industry could petition the Secretary of Commerce to impose controls is especially dangerous when considered under the new criteria for imposition of controls. For example, as the committee report states:

> Foreign demand need not be the major cause of serious inflation in the price of a commodity as a condition to permit the use of export controls.

In other words, if this law had been in effect last year, the American Bakers Association may have been able to successfully petition the Secretaries of Commerce and Agriculture to impose controls on wheat exports. At that time ABA contended bread would soon be $1 a loaf if we did not implement controls. We did not implement controls, and bread is not $1 a loaf. If these controls had been implemented, many farmers might have foregone planting of marginal acreage, and this would have limited production and eventually forced prices upward.

We are all consumers, and there are very few of us farmers in Congress. However, I can guarantee if Congress passes laws which hamper production, prices will go up. In election years, it is all too easy to produce rhetoric, and I fear that shortsightedness on the part of slick politicians and bureaucrats could ultimately deter production and thereby hurt the consumer.

If by imposition of controls, we drive our overseas markets to other suppliers, it would have a tremendous adverse effect on our agricultural economy. Take our wheat farmers, for example. Out of the total supply of 6,738 million bushels of wheat produced or projected to be produced from the years 1972–74, we exported a total of 3,333 million bushels, or nearly 50 percent. The effect of placing unnecessary controls and losing these markets could ruin our agricultural economy which is the area that has been able to effectively ease our balance-of-payments deficit.

There are sufficient and adequate means by which the Department of Commerce can presently place export controls on agricultural commodities, and I believe it would be in the best interests of the consumer and the agricultural community to adopt the Hanna substitute.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. HANNA).

Mr. HANNA. Mr. Chairman, I just want to thank the members of the committee for their support. I also wish to commend the committee for its commitment in studying this important matter. I hope the country will move with the moving world, and that we will get the kind of bill we can all live with.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. ASHLEY) to close debate.

Mr. ASHLEY. Mr. Chairman, since I only have a moment, let me say that the issue is not price controls. The issue is whether we are going to have a dual test with respect to the application of export controls. Apparently, we are. Apparently, we are going to have a test for agriculture which is so stringent that this sector, in effect, will be exempt from export controls regardless of what conditions are for the rest of the country. We will have another test for all other products and commodities that are subject to export.

Mr. Chairman, the Hanna amendment continues the requirement in the present law which requires the Secretary of Agriculture to stand idly by, taking no action whatsoever, until the moment arrives when domestic supply is no longer adequate to meet domestic demand. The amendment, in short, prevents the Secretary of Agriculture from taking the very action necessary to prevent a domestic shortage. It is an amendment, Mr. Chairman, that most certainly, in my view, should be defeated.

The committee bill is one on which we have spent 18 months. I appreciate the gentleman from California's suggestion that the committee return for another 18 months. I am sure that would please the agricultural interests in this country. I simply will close by saying that there are some other interests to be considered.

The CHAIRMAN. The question is on the amendment in the nature of a substitute, as amended, offered by the gentleman from California (Mr. HANNA).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ASHLEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 258, noes 131, not voting 45, as follows:

[Roll No. 483]

AYES—258

Abdnor
Alexander
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Aspin
Baker
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Blackburn
Bowen
Bray
Breaux
Brooks
Broomfield
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Camp
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Clark
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Corman
Crane
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Dellenback
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Dorn
Downing
Duncan
du Pont
Edwards, Ala.
Erlenborn
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Forsythe
Fountain
Fraser
Frelinghuysen
Frey
Fulton
Fuqua
Gaydos
Gettys
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gross
Grover
Guyer
Haley
Hamilton
Hammer-schmidt
Hanna
Hansen, Wash.
Harsha
Hays
Hechler, W. Va.
Henderson
Hillis
Hinshaw
Hogan
Holifield
Holt
Hosmer
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Kazen
Kemp
Ketchum
Kuykendall
Lagomarsino
Landgrebe
Latta
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McEwen
McFall
McKay
Madigan
Mahon
Mallary
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Melcher
Mezvinsky
Michel
Milford
Miller
Mills
Mitchell, N.Y.
Mizell
Mollohan
Montgomery
Moorhead, Calif.
Morgan
Mosher
Murtha
Myers
Natcher
Nichols
Nix
O'Brien
Perkins
Pettis
Pickle
Poage
Powell, Ohio
Preyer
Price, Tex.
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Roberts
Robinson, Va.
Roncalio, Wyo.
Roncallo, N.Y.
Rooney, Pa.
Rose
Roush
Rousselot
Roy
Runnels
Ruth
Ryan
Sandman
Satterfield
Scherle
Schneebeli
Sebelius
Shipley
Shoup
Shriver
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stubblefield
Symington
Symms
Talcott
Taylor, Mo.
Thomson, Wis.
Thone
Towell, Nev.
Traxler
Treen
Udall
Ullman
Vander Jagt
Vander Veen
Veysey
Vigorito
Waggonner
Walsh
Wampler
Ware
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wright
Wyatt
Wyman
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion
Zwach

NOES—131

Abzug
Adams
Addabbo
Anderson, Calif.
Annunzio
Ashley
Badillo
Bafalis
Barrett
Biaggi
Biester
Bingham
Boggs
Boland
Bolling
Brademas
Breckinridge
Brotzman
Brown, Mich.
Burke, Mass.
Burton, John
Burton, Phillip
Carney, Ohio
Chisholm
Clancy
Clay
Collins, Ill.
Conte
Conyers
Cotter
Coughlin
Cronin
Delaney
Dellums
Donohue
Drinan
Eckhardt
Edwards, Calif.
Ellberg
Esch
Ford
Frenzel
Froehlich
Giaimo
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Gude
Hanley
Hanrahan
Harrington
Hastings
Heinz
Helstoski
Hicks
Holtzman
Horton
Howard
Johnson, Pa.
Jordan
Karth
Kastenmeier
Kluczynski
Koch
Kyros
Lehman
Luken
McDade
McKinney
Macdonald
Madden
Mann
Mazzoli
Meeds
Metcalfe
Minish
Mink
Mitchell, Md.
Moakley
Moorhead, Pa.
Murphy, Ill.
Nedzi
Obey
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Peyser
Pike
Price, Ill.
Pritchard
Rangel
Rees
Reuss
Riegle
Rinaldo
Rodino
Roe
Rogers
Rosenthal
Rostenkowski
Roybal
Ruppe
St Germain
Sarasin
Sarbanes
Schroeder
Seiberling
Shuster
Stanton, J. William
Stanton, James V.
Stark
Steele
Stokes
Stratton
Studds
Sullivan
Taylor, N.C.
Thompson, N.J.
Tiernan
Van Deerlin
Vanik
Waldie
Whalen
Wolff
Wydler
Wylie
Yates

NOT VOTING—45

Arends
Blatnik
Brasco
Brinkley
Brown, Calif.
Carey, N.Y.
Collier
Davis, Ga.
Diggs
Dingell
Dulski
Flynt
Gray
Gubser
Gunter
Hansen, Idaho
Hawkins
Hébert
Heckler, Mass.
Huber
Jones, Tenn.
King
Landrum
Leggett
McSpadden
Maraziti
Martin, Nebr.
Minshall, Ohio
Moss
Murphy, N.Y.
Nelsen
Passman
Pepper
Podell
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Stephens
Stuckey
Teague
Thornton
Widnall
Williams
Young, Ga.

So the amendment in the nature of a substitute as amended was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. Under the rule, the committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GIBBONS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 15264) to further amend and extend the authority for regulation of exports, pursuant to House Resolution 1234, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. SCHERLE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 379, nays 6, not voting 49, as follows:

[Roll No. 484]

YEAS—379

Abdnor
Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bauman
Beard
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blackburn
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brooks
Broomfield
Brotzman
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Camp
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clark
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Crane
Cronin
Culver
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis, S.C.
Davis, Wis.
de la Garza
Delaney
Dellenback
Dellums
Denholm
Dennis
Dent
Derwinski
Devine
Dickinson
Donohue
Dorn
Downing
Drinan
Duncan
du Pont
Eckhardt
Edwards, Ala.
Edwards, Calif.
Ellberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Flowers
Foley
Ford
Forsythe
Fountain
Fraser
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grasso
Green, Oreg.
Green, Pa.
Griffiths
Gross
Grover
Gude
Guyer
Haley
Hamilton
Hammer-schmidt
Hanley
Hanna
Hanrahan
Harrington
Harsha
Hastings
Hays
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Hudnut
Hungate
Hunt
Hutchinson
Ichord
Jarman
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Ketchum
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Landgrebe
Latta
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McKay
McKinney
Macdonald
Madden
Madigan
Mahon
Mallary
Mann
Maraziti
Martin, N.C.
Mathias, Calif.
Mathis, Ga.
Matsunaga
Mayne
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Milford
Miller
Mills
Minish
Mink
Mitchell, N.Y.
Mizell
Moakley
Mollohan
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Murphy, Ill.
Murtha
Myers
Natcher
Nedzi
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Parris
Patman
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price, Ill.
Price, Tex.
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Riegle
Rinaldo
Roberts
Robinson, Va.
Rodino
Roe
Rogers
Roncalio, Wyo.
Roncalio, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Satterfield
Scherle
Schneebeli
Schroeder
Sebelius
Seiberling
Shipley
Shoup
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, N.Y.
Snyder
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steele
Steelman
Steiger, Ariz.
Stokes
Stratton
Stubblefield
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thomson, Wis.
Thone
Tiernan
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Veysey
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wolff
Wright
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ill.
Young, S.C.
Young, Tex.
Zablocki
Zion

NAYS—6

Clancy
Luken
Mitchell, Md.
Owens
Patten
Steiger, Wis.

NOT VOTING—49

Arends
Blatnik
Brasco
Brinkley
Brown, Calif.
Carey, N.Y.
Collier
Davis, Ga.
Diggs
Dingell
Dulski
Flynt
Prelinghuysen
Gray
Gubser
Gunter
Hansen, Idaho
Hansen, Wash.
Hawkins
Hébert
Heckler, Mass.
Huber
Jones, Tenn.
King
Landrum
Leggett
McSpadden
Martin, Nebr.
Minshall, Ohio
Moss
Murphy, N.Y.
Nelsen
Passman
Pepper
Podell
Powell, Ohio
Rarick
Reid
Robison, N.Y.
Rooney, N.Y.
Stephens
Stuckey
Teague
Thornton
Towell, Nev.
Widnall
Williams
Young, Ga.
Zwach

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Murphy of New York for, with Mr. Moss against.

Until further notice:

Mr. Hébert with Mr. Arends.

Mr. Rooney of New York with Mr. Robison of New York.

Mr. Teague with Mr. Widnall.

Mr. Reid with Mr. Blatnik.

Mr. Podell with Mr. Collier.

Mr. Carey of New York with Mr. Davis of Georgia.

Mr. Hawkins with Mr. Prelinghuysen.

Mr. Diggs with Mr. Gray.

Mr. Dulski with Mr. Leggett.

Mr. Gunter with Mr. Gubser.

Mr. Flynt with Mr. Hansen of Idaho.

Mr. Landrum with Mr. Powell of Ohio.

Mr. Dingell with Mr. Towell of Nevada.

Mr. Jones of Tennessee with Mr. Nelsen.

Mr. Pepper with Mr. Martin of Nebraska

Mr. Passman with Mr. Zwach.

Mr. Young of Georgia with Mr. King.

Mr. McSpadden with Mrs. Heckler Massachusetts.

Mr. Rarick with Mr. Williams.

Mr. Stephens with Mrs. Hansen of Washington.

Mr. Stuckey with Mr. Huber.

Mr. Thornton with Mr. Minshall of Ohio.

Mr. Brinkley with Mr. Brown of California.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ASHLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 3792) to amend and extend the Export Administration Act of 1969, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 3792

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Export Administration Amendments of 1974".

SHORT SUPPLY POLICY

SEC. 2. Section 3(2)(A) of the Export Administration Act of 1969 is amended by striking out "abnormal".

MONITORING

SEC. 3. (a) Section 4 of the Export Administration Act of 1969 is amended by redesignating subsections (c) through (e) thereof as subsections (d) through (f), respectively, and by inserting after subsection (b) a new subsection (c) as follows:

"(c)(1) To effectuate the policy set forth in section 3(2)(A) of this Act, the Secretary of Commerce shall monitor exports, and contracts for exports, of any article, material, or supply (other than a commodity which is subject to the reporting requirements of section 812 of the Agricultural Act of 1970) when the volume of such exports in relation to domestic supply contributes, or may contribute, to an increase in domestic prices or a domestic shortage, and such price increase or shortage has, or may have, a serious adverse impact on the economy or any sector thereof. Information which the Secretary requires to be furnished in effecting such monitoring shall be confidential, except as provided in paragraph (2) of this subsection.

"(2) The results of such monitoring shall, to the extent practicable, be aggregated and included in weekly reports setting forth, with respect to each article, material, or supply monitored, actual and anticipated exports, the destination by country, and the domestic and worldwide price, supply, and demand. Such reports may be made monthly if the Secretary determines that there is insufficient information to justify weekly reports."

(b) Section 10 of the Act is amended—

(1) by inserting "(a)" after "SEC. 10."; and

(2) by adding at the end thereof the following:

"(b)(1) The quarterly report required for the first quarter of 1975 and every second report thereafter shall include summaries of the information contained in the reports required by section 4(c)(2) of this Act, together with an analysis by the Secretary of Commerce of (A) the impact on the economy and world trade of shortages or increased prices for articles, materials, or supplies subject to monitoring under this Act, (B) the probable duration of such shortages or increased prices, (C) the worldwide supply of such articles, materials, and supplies, and (D) actions taken by other nations in response to such shortages or increased prices.

"(2) Each such quarterly report shall also contain an analysis by the Secretary of Commerce of (A) the impact on the economy and world trade of shortages or increased prices for commodities subject to the reporting requirements of section 812 of the Agricultural Act of 1970, (B) the probable duration of such shortages or increased prices, (C) the worldwide supply of such commodities, and (D) actions being taken by other nations in response to such shortages or increased prices. The Secretary of Agriculture shall fully cooperate with the Secretary of Commerce in providing all information required by the Secretary of Commerce in making such analysis.".

(c) Section 5(a) of such Act is amended—

(1) by striking out "hereunder" in the first sentence and inserting in lieu thereof the words "or monitored under this Act"; and first sentence the following: "Such departments and agencies shall fully cooperate in rendering such advice and information.".

(d) Section 5(a) of the Act is further amended by adding the following at the end thereof: "In addition, the Secretary of Commerce shall consult with the Federal Energy Administration to determine whether monitoring under section 4 of the Act is warranted with respect to exports of facilities, machinery, or equipment normally and principally used, or intended to be used, in the production, conversion, or transportation of fuels and energy (except nuclear energy), including, but not limited to, drilling rigs, platforms and equipment; petroleum, refineries, natural gas processing, liquefication and gasification plants; facilities for production of synthetic natural gas or synthetic crude oil; oil and gas pipelines, pumping stations, and associated equipment; and vessels for transporting oil, gas, coal, and other fuels.".

INTERNATIONAL COOPERATION TO SECURE ACCESS TO SUPPLIES

SEC. 4. (a) Section 2 of the Export Administration Act of 1969 is amended by adding at the end thereof the following new paragraph:

"(5) Unreasonable restrictions on access to world supplies can cause worldwide political and economic instability, interfere with free international trade, and retard the growth and development of nations."

(b) Section 3(3)(A) of such Act is amended by striking out "with which the United States has defense treaty commitments".

(c) Section 3(5) of such Act is amended—

(1) by striking out the word "and" immediately preceding clause (B); and

(2) by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "and (C) to foster international cooperation and the development of international rules and institutions to assure reasonable access to world supplies.".

HIGH TECHNOLOGY EXPORTS

SEC. 5. (a) Section 4 of the Export Administration Act of 1969, as amended by section 3 of this Act, is amended by adding at the end thereof the following new subsection:

"(g) Any export license application required by the exercise of authority under this Act to effectuate the policies of section 3(1)(B) or 3(2)(C) shall be approved or disapproved not later than ninety days after its submission. If additional time is required, the Secretary of Commerce or other official exercising authority under this Act shall inform the applicant of the circumstances requiring such additional time and give an estimate of when his decision will be made."

(b) Section 5(c)(1) of such Act is amended by striking out the next to the last sentence thereof and inserting in lieu thereof the following: "Each such committee shall consist of representatives of United States industry and Government, including the Departments of Commerce, Defense, and State, and, when appropriate, other Government departments and agencies.".

(c) Section 5(c) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) To facilitate the work of the technical advisory committees, the Secretary of Commerce, in conjunction with other departments and agencies participating in the administration of this Act, shall disclose to each such committee adequate information, consistent with national security, pertaining to the reasons for the export controls which are in effect or contemplated for the grouping of articles, materials, and supplies with respect to which that committee furnishes advice.".

(d) Not later than one year after the date of enactment of this Act, the Secretary of Commerce shall include in a quarterly report under section 10 of the Export Administration Act of 1969 an accounting of actions taken to expedite the processing of export license applications as required under section 4(g) of the Export Administration Act of 1969.

OPPORTUNITY TO COMMENT ON LICENSING

SEC. 6. Section 5(b) of the Export Administration Act of 1969 is amended—

(1) by inserting "(1)" after "(b)" and

(2) by adding at the end thereof the following:

"(2) Upon imposing quantitative restrictions on exports of any article, material, or supply to carry out the policy stated in section 3(2)(A) of this Act, the Secretary of Commerce shall publish a notice in the Federal Register inviting all interested parties to submit written comments within fifteen days from the date of publication on the impact of such restrictions and the method of licensing used to implement them.".

TECHNICAL AND CONFORMING CHANGES

SEC. 7. Section 4(d) of the Export Administration Act of 1969, as redesignated by section 3 of this Act, is amended to read as follows:

"(d) Nothing in this Act or the rules or regulations thereunder shall be construed to require authority or permission to export, except where required by the President to effect the policies set forth in section 3 of this Act."

HARDSHIP RELIEF

SEC. 8. The Export Administration Act of 1969 is amended by inserting after section 4 the following new section:

"PROCEDURES FOR HARDSHIP RELIEF FROM EXPORT CONTROLS

"SEC. 4A. (a) Any person who, in his domestic manufacturing process or other domestic business operation, utilizes a product produced abroad in whole or in part from a commodity historically obtained from the United States but which has been made subject to export controls, or any person who historically has exported such a commodity, may transmit a petition of hardship to the Secretary of Commerce requesting an exemption from such controls in order to alleviate any unique hardship resulting from the imposition of such controls. A petition under this section shall be in such form as the Secretary of Commerce shall prescribe and shall contain information demonstrating the need for the relief requested.

"(b) Not later than thirty days after receipt of any petition under subsection (a), the Secretary of Commerce shall transmit a written decision to the petitioner granting or denying the requested relief. Such decision shall contain a statement setting forth the Secretary's basis for the grant or denial. Any exemption granted may be subject to such conditions as the Secretary deems appropriate.

"(c) For purposes of this section, the Secretary's decision with respect to the grant or denial of relief from unique hardship resulting directly or indirectly from the imposition of controls shall reflect the Secretary's consideration of such factors as—

"(1) Whether denial would cause a unique hardship to the applicant which can be al-

leviated only by granting an exception to the applicable regulations. In determining whether relief shall be granted, the Secretary will take into account:

"(A) ownership of material for which there is no practicable domestic market by virtue of the location or nature of the material;

"(B) potential serious financial loss to the applicant if not granted an exception;

"(C) inability to obtain, except through import, an item essential for domestic use which is produced abroad from the commodity under control;

"(D) the extent to which denial would conduct to the particular detriment of the applicant, with other national policies including those reflected in any international agreement to which the United States is a party;

"(E) possible adverse effects on the economy (including unemployment) in any locality or region of the United States; and

"(F) other relevant factors, including the applicant's lack of an exporting history during any base period that may be established with respect to export quotas for the particular commodity.

"(2) The effect a finding in favor of the applicant would have on attainment of the basic objectives of the short supply control program.

In all cases, the desire to sell at higher prices and thereby obtain greater profits will not be considered as evidence of a unique hardship, nor will circumstances where the hardship is due to imprudent acts or failure to act on the part of the appellant.".

INTERAGENCY REVIEW

SEC. 9. Section 4 of the Export Administration Act of 1969, as amended by sections 3 and 4 of this Act, is amended by adding at the end thereof the following new subsection:

"(h)(1) The Congress finds that the defense posture of the United States may be seriously compromised if the Nation's goods and technology are exported to a controlled country without an adequate and knowledgeable assessment being made to determine whether export of such goods and technology will significantly increase the military capability of such country. It is the purpose of this section to provide for such an assesment and to authorize the Secretary of Defense to review any proposed export of goods or technology to any such country and, whenever he determines that the export of such goods or technology will significantly increase the military capability of such country, to recommend to the President that such exports be disapproved.

"(2) Whenever a request for a license or other authority is required by any person to export any goods or technology to any controlled country, the appropriate export control office or agency to whom such request is made shall notify the Secretary of Defense of such request, and such office may not issue any license or other authority pursuant to such request prior to the expiration of the period within which the President may disapprove such export, or prior to the expiration of the period within which the Congress may disapprove an action of the President, if applicable. The Secretary of Defense shall carefully consider all notifications submitted to him pursuant to this subsection and, not later than thirty days after notification of the request, shall—

"(A) recommend to the President that he disapprove any request for the export of any goods or technology to any controlled country if he determines that the export of such goods or technology will significantly increase the military capability of such country;

"(B) notify such office or agency that he will interpose no objection if appropriate conditions designed to achieve the purposes of this Act are imposed; or

"(C) indicate that he does not intend to interpose an objection to the export of such goods or technology.

If the President notifies such office or agency, within thirty days after receiving a recommendation from the Secretary, that he disapproves such export, no license or other authorization may be issued for the export of such goods or technology to such country.

"(3) Whenever the President exercises his authority under this subsection to modify or overrule a recommendation made by the Secretary of Defense pursuant to this section, the President shall submit to the Congress a statement indicating his decision together with the recommendation of the Secretary of Defense. The Congress shall have a period of sixty calendar days of continuous session of both Houses after the date on which the statement is transmitted to the Congress to disapprove the action of the President by adopting a concurrent resolution disapproving the application for the export of such goods, technology or techniques.

"(4) In determining whether the export of any goods or technology to any controlled country will significantly increase the military capability of such country, the Secretary of Defense shall take into account all potential end uses, and the likelihood of an end use other than the end use indicated by the applicant for the export of such goods or technology.

"(5) Effective on July 1, 1974, the removal of any category of goods or technology requiring an export license or other authorization shall require the approval of the President.

"(6) The President is authorized, on behalf of the United States, to agree to any modification of the so-called COCOM international lists (or interpretations thereof) if he determines that such modification would not likely result in a significant increase in the military capability of any controlled country.

"(7) As used in this subsection—

"(A) the term 'goods and technology' includes but is not limited to—

"(i) machinery, equipment, durable goods, and computer software;

"(ii) any license or other arrangement for the use of any patent, trade secret, design or plan;

"(iii) the so-called know-how or knowledge of any individual, firm, corporation, or other entity;

"(iv) assistance in planning and joint venture arrangements; and

"(v) arrangements under which assistance is provided in developing a manufacturing capability, including so-called turnkey arrangements;

"(B) the term 'export control office' means any office or agency of the United States Government whose approval or permission is required pursuant to existing law for the export of goods or technology; and

"(C) the term 'controlled country' means the Soviet Union, Poland, Romania, Hungary, Bulgaria, Czechoslovakia, the German Democratic Republic (East Germany), and such other countries as may be designated by the Secretary of Defense.

"(8) The Secretary of Defense shall submit to the Congress a written report on his implementation of this section not later than thirty days after the close of each quarter of each fiscal year. Each such report shall, among other things, identify each instance in which the Secretary recommended to the President that exports be disapproved and the action finally taken by the executive branch on the matter.

"(9) Whenever the President exercises his authority under subsections (5) and (6) he shall, having first solicited the recommendation of the Secretary of Defense, transmit his decision, together with the recommendation of the Secretary of Defense, to the Congress. The review and disapproval provisions of subsection (3) shall be applicable to actions taken under subsections (5) and (6).

"(10) The authority granted to the President in subsections (5) and (6) of this section shall be nondelegable."

EXPORT FEES AND LICENSES

SEC. 10. Section 4 of the Export Administration Act of 1969, as amended by sections 3, 4, and 9 of this Act, is amended by adding at the end thereof the following:

"(i) In imposing export controls to effectuate the policy stated in section 3(2)(A) of this Act, the President's authority shall include, but not be limited to, the imposition of export license fees and the auction of export licenses.

"(j)(1) The Secretary of Commerce, after consulting with the Secretary of the Treasury, the Attorney General, and the Secretary of State, shall establish regulations for the licensing of exports of all police, law enforcement, or security equipment manufactured for use in surveillance, eavesdroping, crowd control, interrogations, or penal retribution.

"(2) Any license proposed to be issued under this subsection shall be reviewed by the Attorney General and shall be submitted to the Congress. The Congress shall have a period of sixty calendar days of continuous session of both Houses after the date on which the license is transmitted to the Congress to disapprove the issuance of a license by the adoption in either House of a resolution disapproving the proposed license.

"(3) The Secretary of Commerce, with the concurrence of the Secretary of the Treasury, the Attorney General, and the Secretary of State, may by regulation exempt individual countries and specific categories of police, law enforcement, or security equipment from the congressional review and disapproval authority set forth in paragraph (2) if he finds and determines export of the equipment would not threaten fundamental human and civil liberties."

PRESIDENTIAL REVIEW

SEC. 11. The Export Administration Act of 1969 as amended is further amended by inserting after section 4A as added by this bill, the following new section:

"SEC. 4B. The President is directed to review all laws, regulations issued thereunder by the Atomic Energy Commission, the Department of Commerce, and other Government agencies, governing the export and reexport of materials, supplies, articles, technical data or other information relating to the design, fabrication, development, supply, repair or replacement of any nuclear facility or any part thereof, and to report within six months to the Congress on the adequacy of such regulations to prevent the proliferation of nuclear capability for nonpeaceful purposes. The President is also directed to review domestic and international nuclear safeguards and to report within six months to the Congress on the adequacy of such safeguards to prevent the proliferation, diversion or theft of all such nuclear materials and on efforts by the United States and other countries to strengthen international nuclear safeguards in anticipation of the Review Conference scheduled to be held in February 1975 pursuant to Article VIII, section 3 of The Treaty on the Non-Proliferation of Nuclear Weapons."

EXPIRATION DATE

SEC. 12. Section 14 of the Export Administration Act of 1969 is amended by striking "July 30, 1974" and inserting in lieu thereof "June 30, 1977".

REVIEW BY COMPTROLLER GENERAL

SEC. 13. (a) The Comptroller General of the United States shall conduct a continuous review of the effectiveness of procedures implemented by the Secretary of Commerce pursuant to the provisions of section 4 of the Export Administration Act of 1969. In carrying out such review the Comptroller Gen-

eral shall consider, among other relevant factors—

(1) current and projected domestic shortages of key commodities, export levels of these commodities, the impact on domestic prices and employment of such shortages, and anticipated domestic and foreign demand for such commodities; and

(2) the need for additional export controls of commodities in short supply, the time and manner in which such controls should be implemented, and the recommended duration of any such controls.

(b)(1) The Comptroller General shall transmit to the Congress regular reports setting forth the results of the review required by subsection (a).

(1) In addition, the Comptroller General shall transmit without delay to the Congress a special report whenever he determines that there is a domestic shortage of any commodity which, together with exports of that commodity, threatens domestic price stability of that commodity and/or employment related to that commodity. Such report shall contain the Comptroller General's estimate of the extent of the domestic shortage of that commodity, the current and projected export levels, and the projected domestic price and employment impact at projected export levels. The Comptroller General shall include such recommendations for legislative or administrative action as he deems appropriate.

(c) Notwithstanding the provisions of any other law, in carrying out such functions, the Comptroller General is authorized to request, and any department, agency or instrumentality of the Federal Government is directed to furnish, such information as is necessary to carry out the functions provided for under this section, including estimates of the quantity of any commodity necessary for (1) domestic consumption, (2) exports, and (3) reasonable carryover, including disaster relief assistance or other emergency situations.

AMENDMENT TO MINERAL LEASING ACT OF 1920

SEC. 14. Section 28(u) of the Mineral Leasing Act of 1920 (30 U.S.C. 185) is amended by inserting immediately after "quantity and quality of petroleum available to the United States" the following: "or result, directly or indirectly, in any increase in the price thereof to the United States petroleum purchaser".

AGRICULTURAL COMMODITIES

SEC. 15. Section 4(f) of the Export Administration Act of 1969, as redesignated by section 3 of this Act, is amended by inserting "(1)" immediately after "(f)", and by adding at the end thereof the following:

"(2) Within ninety days after the beginning of the crop year the Secretary of Agriculture shall determine which commodities, if any, subject to the reporting requirements of section 812 of the Agricultural Act of 1970, are likely to be in short supply. A Commodity shall be determined to be in short supply if the Secretary of Agriculture estimates that the total quantity of the commodity that will be produced in the crop year will be insufficient to provide for anticipated domestic consumption, commercial exports, programed food assistance commitments, disaster relief assistance and other emergency assistance, and a reasonable carryover at the end of the crop year. The Secretary of Agriculture with the concurrence of the Secretary of Commerce shall submit his findings to Congress together with a plan or plans to cope with the anticipated shortage."

ECONOMIC POLICY ACTIONS

SEC. 16. (a) Section 3 of the Export Administration Act of 1969, as amended by section 4 of this Act, is amended by adding at the end thereof the following new paragraph:

"(7) It is the policy of the United States to use export controls to secure the removal by foreign countries of restrictions on access to supplies (a) where such restrictions which have or may have a serious domestic inflationary impact, have caused or may cause a serious domestic shortage, or have or may have a serious adverse effect on employment in the United States, or (b) where such restrictions have been imposed for purposes of influencing the foreign policy of the United States. In effecting this policy, the President shall make every reasonable effort to secure the removal or reduction of such restrictions, policies or actions through international cooperation and agreement before resorting to the imposition of controls on the export of materials from the United States: *Provided*, That no action shall be taken in fulfillment of the policy set forth in this subsection to restrict the export of medicine and medical supplies."

(b) Section 4 of such Act, as amended by sections 3, 4, 9, and 10 of this Act, is amended by adding at the end thereof the following new subsection:

"(k) Before exercising the authority conferred by this Act to implement the policy set forth in section 3(7), the President shall—

"(1) request and receive from the Tariff Commission its views on the probable impact on the domestic economy of such exercise of authority: *Provided, however*, That such views are transmitted to the President within thirty days of the request therefor; and

"(2) consult with the appropriate committees of the Congress with respect to such exercise of authority."

MOTION OFFERED BY MR. ASHLEY

Mr. ASHLEY. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ASHLEY moves to strike out all after the enacting clause of the bill S. 3792 and to insert in lieu thereof the provisions of H.R. 15264, as passed, as follows:

Section 16 of the Export Control Administration Act of 1969 is amended by striking out "1974" and inserting in lieu thereof "1976".

SEC. 2. Section 4(b)(1) of the Export Administration Act of 1969 is amended by adding at the end thereof the following: "In curtailing the exportation of any articles, materials, or supplies to effectuate the policy set forth in section 3(2)(A) of this Act, the President is authorized and directed to allocate a portion of export licenses on the basis of factors other than a prior history of exportation."

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 15264) was laid on the table.

GENERAL LEAVE

Mr. ASHLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

AMENDMENTS TO THE FEDERAL MASS TRANSPORTATION ACT OF 1974

(Mr. MOORHEAD of Pennsylvania asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, on behalf of the gentleman from Minnesota (Mr. FRENZEL) and myself, I insert in the RECORD possible amendments to H.R. 12859, the Federal Mass Transportation Act of 1974. I believe that these amendments would greatly improve the effectiveness of this important piece of legislation. The Public Works Committee is to be commended for its sincere and thorough efforts in producing this landmark legislation, but the bill that the committee reported lacks incentives for attracting riders from private automobiles to public transportation in the most cost-effective manner. That important national goal should be incorporated into any major public mass transportation legislation. I am inserting these amendments into the RECORD so that they may be introduced if the Public Works Committee agrees that they will improve the effectiveness of this important bill.

AMENDMENTS TO H.R. 12859, AS REPORTED, OFFERED BY MR. MOORHEAD OF PENNSYLVANIA

Page 43, strike out line 21 and all that follows down through and including line 14 on page 47 and insert in lieu thereof the following:

"(a)(1) The Secretary is authorized to make grants to assist States and their political subdivisions in financing the construction and operation of facilities and equipment for use in providing public mass transportation service in, to and from urbanized areas. On July 1 of each fiscal year, the Secretary shall apportion the sums authorized to be appropriated for this subsection for such fiscal year among the States on the basis of a formula under which each State will be entitled to receive an amount equal to the sum of—

"(A) one-half of the total amount so apportioned multiplied by the ratio which the population of those urbanized areas in each State, as designated by the Bureau of the Census, bears to the total population of all urbanized areas in all the States as shown by the latest available Federal census, and

"(B) one-half of the total amount so apportioned multiplied by the ratio which the total number of workers using public mass transportation systems and services in travel to work in those urbanized areas in each State bears to the total number of workers using public mass transportation systems and services in travel to work in all the urbanized areas in all the States, as shown by the latest available Federal census.

"(2) On or before July 1, 1977, the formula factor in paragraph (1)(B) above shall be replaced by a factor to be developed by the Secretary which reflects, among such other measures as may be determined by the Secretary, the proportion of total annual weekday person trips carried by public mass transportation systems and services in those urbanized areas in each State as compared to the proportion of total annual weekday person trips carried by public mass transportation systems and services in all urbanized areas in all the States. This 'market share' of total weekday person trips carried by public mass transportation shall be based on data collected by the Secretary as provided by section 515 of this chapter.

"(3) The Secretary is authorized to make grants under this section to designated recipients in accordance with the procedures of this section. The Governor and responsible local officials, in accordance with the process required under section 502 and with the concurrence of the Secretary, shall designate a recipient to receive and dispense the funds under this section. Each such designated

regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title.

"(b) RECOVERY OF CERTAIN PAYMENTS.—The Comptroller General is authorized, through attorneys and counsel described in subsection (a), to institute actions in the district courts of the United States to seek recovery of any amounts determined to be payable to the Secretary or his delegate as a result of an examination and audit made pursuant to section 9038.

"(c) INJUNCTIVE RELIEF.—The Comptroller General is authorized, through attorneys and counsel described in subsection (a), to petition the courts of the United States for injunctive relief as is appropriate to implement any provision of this chapter.

"(d) APPEAL.—The Comptroller General is authorized on behalf of the United States to appeal from, and to petition the Supreme Court for certiorari to review, judgments, or decrees entered with respect to actions in which he appears pursuant to the authority provided in this section.

"SEC. 9041. JUDICIAL REVIEW.

"(a) REVIEW OF AGENCY ACTION BY THE COMPTROLLER GENERAL.—Any agency action by the Comptroller General made under the provisions of this chapter shall be subject to review by the United States Court of Appeals for the District of Columbia Circuit upon petition filed in such court within 30 days after the agency action by the Comptroller General for which review is sought.

"(b) REVIEW PROCEDURES.—The provisions of chapter 7 of title 5, United States Code, apply to judicial review of any agency action, as defined in section 551(13) of title 5, United States Code, by the Comptroller General.

"SEC. 9042. CRIMINAL PENALTIES.

"(a) EXCESS CAMPAIGN EXPENSES.—Any person who violates the provisions of section 9035 shall be fined not more than $25,000, or imprisoned not more than 5 years, or both. Any officer or member of any political committee who knowingly consents to any expenditure in violation of the provisions of section 9035 shall be fined not more than $25,000, or imprisoned not more than 5 years, or both.

"(b) UNLAWFUL USE OF PAYMENTS.—

"(1) It is unlawful for any person who receives any payment under section 9037, or to whom any portion of any such payment is transferred, knowingly and willfully to use, or authorize the use of, such payment or such portion for any purpose other than—

"(A) to defray qualified campaign expenses, or

"(B) to repay loans the proceeds of which were used, or otherwise, to restore funds (other than contributions to defray qualified campaign expenses which were received and expended) which were used, to defray qualified campaign expenses.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(c) FALSE STATEMENTS, ETC.—

"(1) It is unlawful for any person knowingly and willfully—

"(A) to furnish any false, fictitious, or fraudulent evidence, books, or information to the Comptroller General under this chapter, or to include in any evidence, books, or information so furnished any misrepresentation of a material fact, or to falsify or conceal any evidence, books, or information relevant to a certification by the Comptroller General or an examination and audit by the Comptroller General under this chapter, or

"(B) to fail to furnish to the Comptroller General any records, books, or information requested by him for purposes of this chapter.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(d) KICKBACKS AND ILLEGAL PAYMENTS.—

"(1) It is unlawful for any person knowingly and willfully to give or accept any kickback or any illegal payment in connection with any qualified campaign expense of a candidate, or his authorized committee, who receives payments under section 9037.

"(2) Any person who violates the provisions of paragraph (1) shall be fined not more than $10,000, or imprisoned not more than 5 years, or both.

"(3) In addition to the penalty provided by paragraph (2), any person who accepts any kickback or illegal payment in connection with any qualified campaign expense of a candidate or his authorized committee shall pay to the Secretary for deposit in the matching payment account, an amount equal to 125 percent of the kickback or payment received.".

REVIEW OF REGULATIONS

SEC. 409. (a) Section 9009 of the Internal Revenue Code of 1954 (relating to reports to Congress; regulations) is amended by adding at the end thereof the following new subsection:

"(c) REVIEW OF REGULATIONS.—

"(1) The Comptroller General, before prescribing any rule or regulation under subsection (b), shall transmit a statement with respect to such rule or regulation to the Committee on Rules and Administration of the Senate and to the Committee on House Administration of the House of Representatives, in accordance with the provisions of this subsection. Such statement shall set forth the proposed rule or regulation and shall contain a detailed explanation and justification of such rule or regulation.

"(2) If either such committee does not, through appropriate action, disapprove the proposed rule or regulation set forth in such statement no later than 30 legislative days after receipt of such statement, then the Comptroller General may prescribe such rule or regulation. The Comptroller General may not prescribe any rule or regulation which is disapproved by either such committee under this paragraph.

"(3) For purposes of this subsection, the term 'legislative days' does not include any calendar day on which both Houses of the Congress are not in session.".

(b) Section 9009(b) of such Code (relating to regulations, etc.) is amended by inserting "in accordance with the provisions of subsection (c)" immediately after "regulations".

EFFECTIVE DATES

SEC. 410. (a) Except as provided by subsection (b), the foregoing provisions of this Act shall become effective 30 days after the date of the enactment of this Act.

(b)(1) The amendments made by sections 403, 404, 405, 406, 408, and 409 shall apply with respect to taxable years beginning after December 31, 1973.

(2) The amendment made by section 407 shall apply with respect to taxable years beginning after December 31, 1971.

Amend the title so as to read: "An Act to impose overall limitations on campaign expenditures and political contributions; to provide that each candidate for Federal office shall designate a principal campaign committee; to provide for a single reporting responsibility with respect to receipts and expenditures by certain political committees; to change the times for the filing of reports regarding campaign expenditures and political contributions; to provide for public financing of Presidential nominating conventions and Presidential primary elections; and for other purposes."

Mr. MANSFIELD. Mr. President, I move that the Senate disagree to the amendments of the House of Representatives and request a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CANNON, Mr. PELL, Mr. PASTORE, Mr. LONG, Mr. KENNEDY, Mr. ALLEN, Mr. CLARK, Mr. HUGH SCOTT, Mr. BENNETT, Mr. GRIFFIN, Mr. BAKER, and Mr. MATHIAS conferees on the part of the Senate.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, will the Senator from Ohio yield me 1 more minute?

Mr. TAFT. I am glad to yield, without relinquishing my right to the floor.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. Mr. President, there will be a session of the Senate tomorrow. Immediately after the leadership has been recognized, the Senate will turn to the consideration of the HUD appropriation bill, on which there may well be a rollcall vote. I do not know what will happen.

Following that, the Senate will return to the consideration of ERDA, if it is not disposed of tonight.

On Monday, we will have the U.S. ship tonnage bill and the Cost of Living Council legislation, which I understand will be reported by the Committee on Banking, Housing and Urban Affairs this afternoon, if it has not already been reported.

May I say that I hope there will be no objection to the HUD appropriation bill being brought up tomorrow, because it has been considered by the Senate before. There were 4 or 5 hours of debate, as I recall. It was recommitted to the Committee on Appropriations, and it was reported again yesterday. So I would hope that, in view of the situation which has developed, the Senate as a whole—and I include both sides—would cooperate in an attempt to comply with its responsibilities.

I will point out that as a result of a meeting with the House Democratic leadership this morning, I was instructed by them to get in touch with the distinguished Republican leader (Mr. HUGH SCOTT) and indicate to him that it was or hope that we could finish our business and adjourn sine die, if at all possible, sometime between October 1 and October 15.

If we are going to do it, though, we are going to have to have a lot of cooperation.

ORDER OF BUSINESS

Mr. SPARKMAN. Mr. President, will the Senator yield to me briefly?

Mr. TAFT. I yield briefly without losing my privilege of the floor.

AMENDMENT AND EXTENSION OF EXPORT ADMINISTRATION ACT OF 1969

Mr. SPARKMAN. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3792.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3792), an act to amend and extend the Export Administration Act of 1969, with the following amendment:

Strike out all after the enacting clause, and insert:

Section 16 of the Export Control Administration Act of 196 is amended by striking out "1974" and inserting in lieu thereof "1976".

SEC. 2. Section 4(b)(1) of the Export Administration Act of 1969 is amended by adding at the end thereof the following: "In curtailing the exportation of any articles, materials, or supplies to effectuate the policy set forth in section 3(2)(A) of this Act, the President is authorized and directed to allocate a portion of export licenses on the basis of factors other than a prior history of exportation."

Mr. SPARKMAN. Mr. President, I move that the Senate disagree to the amendment of the House of Representatives and request a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. STEVENSON, Mr. CRANSTON, Mr. HATHAWAY, Mr. BIDEN, Mr. PACKWOOD, Mr. BROCK, and Mr. BROOKE conferees on the part of the Senate.

ORDER OF BUSINESS

The PRESIDING OFFICER. The Chair requests the Senate be in order. The Senate cannot proceed unless it is in order. The Chair cannot hear Senators. The Senators will please take their seats. If the business of the Senate is to proceed, the Senate must be in order. Would the Senators please take their seats?

Mr. TAFT. Mr. President, I ask unanimous consent to yield to the distinguished Senator from Georgia (Mr. TALMADGE) without losing the privilege of the floor.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. TALMADGE. I am grateful to the distinguished Senator from Ohio.

SUSPENSION OF DUTIES ON CERTAIN FORMS OF COPPER

Mr. TALMADGE. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 12281.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 12281) to continue until the close of June 30, 1975, the suspension of duties on certain forms of copper and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. TALMADGE. I move that the Senate insist upon its amendments and agree to the request of the House for a conference on the disagreeing votes of the two Houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. LONG, Mr. TALMADGE, Mr. HARTKE, Mr. BENNETT, and Mr. CURTIS conferees on the part of the Senate.

Mr. TALMADGE. I thank my distinguished friend from Ohio.

ENERGY REORGANIZATION ACT OF 1974

The Senate continued with the consideration of the bill (S. 2744) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a Nuclear Energy Commission in order to promote more efficient management of such functions.

AMENDMENT NO. 1768

The PRESIDING OFFICER. The distinguished Senator from Ohio is recognized.

Mr. TAFT. I send an amendment No. 1768 to the desk and ask that it be stated.

The legislative clerk proceeded to read the amendment.

The amendment is as follows:

On page 91, after line 15, insert the following:

TITLE V—TERMINATION OF EMERGENCY DAYLIGHT SAVING TIME

OCTOBER 1974 TERMINATION

SEC. 501. Section 7 of the Emergency Daylight Saving Time Energy Conservation Act of 1973 is amended by striking out "April 1975" and inserting in lieu thereof "October 1974".

Mr. TAFT. This amendment would repeal winter daylight saving time as of the last Sunday in October 1974. This issue has been considered before in the Senate. Last March it was offered as an amendment by several of us to the minimum wage bill. At that time, because some felt it was nongermane, and because others were waiting for the Department of Transportation report to indicate the effects of winter daylight saving time on energy consumption and traffic safety, my amendment was tabled by a vote of 48 to 43.

The Department of Transportation report does not find materially that winter daylight saving time had beneficial effects. It can attribute little energy savings to winter DST.

It shows, at most, only 1 percent of our electricity is saved. Even this small amount of conservation results predominantly in savings of coal, not petroleum. We are not short of coal. The study found that winter DST probably even increased gasoline use in March and April.

My constituents in Ohio have been particularly concerned about winter daylight saving time, because many of them live on the western edge of the eastern standard time zone. When the sun rises in Western Ohio, it has already been light for 35 minutes in New York City.

The DOT report has recommended that the daylight saving time experiment not be continued for the full year. The report states that the public prefers partial DST, and it recommends a 4-month respite, from the last Sunday in October though the last Sunday in February. However, on the western edge of the eastern standard time zone, it still is not sunrise in mid-March until 8 a.m. My staff in Cincinnati reported to me that they drove to work with lights on during debate on this proposal last March. My Cincinnati office opens at 9 a.m. Many children must get on buses at 8 a.m. or earlier, in order to reach school by 8:30 or 9 a.m. Many of these students are in elementary school, and their parents do not want them waiting in the darkness, so they drive them to school. How much energy does this save?

This also disrupts family schedules, when parents must drop children off at school early, in order to be at work promptly.

At the time I offered this proposal as an amendment to the minimum wage bill, I was told that the Commerce Committee would hold hearings on the daylight saving time question just as soon as it—the Department of Transportation report—is available. The report was submitted to Congress June 28, but no such action has been taken as yet.

I question the necessity of more hearings. This matter was discussed thoroughly last December, and at length on the Senate floor last March.

Schools will be starting soon. School boards have written me that they are waiting for Congress to act before deciding whether to change school starting times.

The report is available with no positive conclusions as to why winter DST should be continued.

I feel certain that most Senators have formed their opinions on the problem. Now we must act.

Mr. President, in addition to the Senators already listed as sponsors on the bill, I ask unanimous consent that Senators NUNN, HANSEN, EASTLAND, TALMADGE, YOUNG, CHURCH, CLARK, AND HUDDLESTON be added as cosponsors.

The PRESIDING OFFICER. Is the request of the Senator that they be added as cosponsors to the amendment?

Mr. TAFT. Yes, of the amendment.

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

Mr. TAFT. I thank the Chair.

Mr. President, that concludes my formal remarks I have on the bill.

I would advise the Senate that the House of Representatives committee in question has passed, as I understand it, an 8 and 4 bill which would leave just the 4 winter months, November, December, January, and February, as covered by standard time, and the remainder of the year going to daylight saving time.

Mr. President, while I still am of the opinion that we should go back to the 6 and 6 formula to be fair to those on the edges of our time zones, and while I am sure that my constituents would back that position, I have had discussions with other Members of this body and they, I think, have indicated particularly in view of the House action at this point that, perhaps, we had better get half a loaf rather than putting it to the test of trying to get all of it at this time.

With that in mind, I understand there are substitutes that may be offered and, as I understand it, may even be agreed

the future place the very structure of the Nation in peril.

For more than a decade, HISC has kept an effective tab on the subversive elements which exist in our society today. Let us not be hasty in our efforts to destroy that which is necessary. The proposal that the duties of the committee can be taken over by the Judiciary Committee are unacceptable to me, and those who recognize the dangers inherent in this action. I contend that if the work of HISC is transferred into the Judiciary Committee, the net effect would be to effectively obscure this important work. I applaud the committee and the particular efforts of their distingiushed chairman (Mr. ICHORD) to keep the committee alive. They have my continued support and that of all Americans who realize that our internal security is still a matter of paramount national importance.

Mr. KETCHUM. Mr. Chairman, I rise in support of the amendment offered by the distinguished gentleman from Pennsylvania, and the distinguished gentleman from Florida. This House needs a Select Committee on Aging, and this is our chance to create one. I hope we make good use of it.

There are now more than 21 million Americans over the age of 65. All indications are that the percentage of our population classified as senior citizens will increase in the years ahead.

We are all aware that there are innumerable problems faced by the elderly which are the concern of the House. Under the present committee structure, however, eight different committees have jurisdiction over legislation which affects the elderly. We have special housing programs, special transportation programs, special food programs, health and welfare programs, and on down the line, but there is no coordinated effort.

A Select Committee on Aging would give us the chance to develop a sane and comprehensive legislative program for the elderly. It will help us avoid overlapping research and responsibiilty that has hindered our response to the elderly's problems. The Senate already has such a committee's and more than half the members of the House have cosponsored legislation to create such a permanent Select Committee. I urge my colleagues to vote for the Young/Heinz amendment, and for a congressional commitment to older Americans.

Mr. BOLLING. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. NATCHER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the resolution (H. Res. 988) to reform the structure, jurisdiction, and procedures of the committees of the House of Representatives by amending rules X and XI of the House of Representatives, had come to no resolution thereon.

CONFERENCE REPORT ON S. 3792, AMENDING AND EXTENDING EXPORT ADMINISTRATION ACT OF 1969

Mr. PATMAN submitted the following conference report and statement on the Senate bill (S. 3792) to amend and extend the Export Administration Act of 1969:

CONFERENCE REPORT (H. REPT. NO. 93-1412)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3792) to amend and extend the Export Administration Act of 1969, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Export Administration Amendments of 1974".

SHORT SUPPLY POLICY

SEC. 2. Section 3(2)(A) of the Export Administration Act of 1969 is amended by striking out "abnormal".

MONITORING AND CONSULTATION

SEC. 3. (a) Section 4 of the Export Administration Act of 1969 is amended by redesignating subsections (c) through (e) thereof as subsections (d) through (f), respectively, and by inserting after subsection (b) a new subsection (c) as follows:

"(c)(1) To effectuate the policy set forth in section 3(2)(A) of this Act, the Secretary of Commerce shall monitor exports, and contracts for exports, of any article, material, or supply (other than a commodity which is subject to the reporting requirements of section 812 of the Agricultural Act of 1970) when the volume of such exports in relation to domestic supply contributes, or may contribute, to an increase in domestic prices or a domestic shortage, and such price increase or shortage has, or may have, a serious adverse impact on the economy or any sector thereof. Information which the Secretary requires to be furnished in effecting such monitoring shall be confidential, except as provided in paragraph (2) of this subsection.

"(2) The results of such monitoring shall, to the extent practicable, be aggregated and included in weekly reports setting forth, with respect to each article, material, or supply monitored, actual and anticipated exports, the destination by country, and the domestic and worldwide price, supply, and demand. Such reports may be made monthly if the Secretary determines that there is insufficient information to justify weekly reports."

(b) Section 10 of such Act is amended—

(1) by inserting "(a)" after "SEC. 10."; and

(2) by adding at the end thereof the following:

"(b)(1) The quarterly report required for the first quarter of 1975 and every second report thereafter shall include summaries of the information contained in the reports required by section 4(c)(2) of this Act, together with an analysis by the Secretary of Commerce of (A) the impact on the economy and world trade of shortages or increased prices for articles, materials, or supplies subject to monitoring under this Act, (B) the worldwide supply of such articles, materials, and supplies, and (C) actions taken by other nations in response to such shortages or increased prices.

"(2) Each such quarterly report shall also contain an analysis by the Secretary of Commerce of (A) the impact on the economy and world trade of shortages or increased prices for commodities subject to the reporting requirements of section 812 of the Agricultural Act of 1970, (B) the worldwide supply of such commodities, and (C) actions being taken by other nations in response to such shortages or increased prices. The Secretary of Agriculture shall fully cooperate with the Secretary of Commerce in providing all information required by the Secretary of Commerce in making such analysis.".

(c) Section 5(a) of such Act is amended—

(1) by striking out "hereunder" in the first sentence and inserting in lieu thereof the words "or monitored under this Act"; and

(2) by inserting immediately after such first sentence the following: "Such departments and agencies shall fully cooperate in rendering such advice and information.".

(d) Section 5(a) of such Act is further amended by adding the following at the end thereof: "In addition, the Secretary of Commerce shall consult with the Federal Energy Administration to determine whether monitoring under section 4 of this Act is warranted with respect to exports of facilities, machinery, or equipment normally and principally used, or intended to be used, in the production, conversion, or transportation of fuels and energy (except nuclear energy), including but not limited to, drilling rigs, platforms, and equipment; petroleum refineries, natural gas processing, liquefication, and gasification plants; facilities for production of synthetic natural gas or synthetic crude oil; oil and gas pipelines, pumping stations, and associated equipment; and vessels for transporting oil, gas, coal, and other fuels.".

INTERNATIONAL COOPERATION TO SECURE ACCESS TO SUPPLIES

SEC. 4. (a) Section 2 of the Export Administration Act of 1969 is amended by adding at the end thereof the following new paragraph:

"(5) Unreasonable restrictions on access to world supplies can cause worldwide political and economic instability, interfere with free international trade, and retard the growth and development of nations."

(b) Section 3(3)(A) of such Act is amended by striking out "with which the United States has defense treaty commitments".

(c) Section 3(5) of such Act is amended—

(1) by striking out the word "and" immediately preceding clause (B); and

(2) by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "and (C) to foster international cooperation and the development of international rules and institutions to assure reasonable access to world supplies.".

HIGH TECHNOLOGY EXPORTS

SEC. 5. (a) Section 4 of the Export Administration Act of 1969, as amended by section 3 of this Act, is amended by adding at the end thereof the following new subsection:

"(g) Any export license application required by the exercise of authority under this Act to effectuate the policies of section 3(1)(B) or 3(2)(C) shall be approved or disapproved not later than 90 days after its submission. If additional time is required, the Secretary of Commerce or other official exercising authority under this Act shall inform the applicant of the circumstances

requiring such additional time and give an estimate of when his decision will be made."

(b) Section 5(c)(1) of such Act is amended by striking out the next to the last sentence thereof and inserting in lieu thereof the following: "Each such committee shall consist of representatives of United States industry and Government including the Departments of Commerce, Defense, and State, and, when appropriate, other Government departments and agencies.".

(c) Section 5(c) of such Act is amended by adding at the end thereof the following new paragraph:

"(5) To facilitate the work of the technical advisory committees, the Secretary of Commerce, in conjunction with other departments and agencies participating in the administration of this Act, shall disclose to each such committee adequate information, consistent with national security, pertaining to the reasons for the export controls which are in effect or contemplated for the grouping of articles, materials, and supplies with respect to which that committee furnishes advice.".

(d) Not later than one year after the date of enactment of this Act, the Secretary of Commerce shall include in a quarterly report under section 10 of the Export Administration Act of 1969 an accounting of actions taken to expedite the processing of export license applications as required under section 4(g) of the Export Administration Act of 1969.

OPPORTUNITY TO COMMENT ON LICENSING

SEC. 6. Section 5(b) of the Export Administration Act of 1969 is amended—

(1) by inserting "(1)" after "(b)"; and

(2) by adding at the end thereof the following:

"(2) Upon imposing quantitative restrictions on exports of any article, material, or supply to carry out the policy stated in section 3(2)(A) of this Act, the Secretary of Commerce shall include in his notice published in the Federal Register an invitation to all interested parties to submit written comments within fifteen days from the date of publication on the impact of such restrictions and the method of licensing used to implement them.".

TECHNICAL AND CONFORMING CHANGES

SEC. 7. Section 4(d) of the Export Administration Act of 1969, as redesignated by section 3 of this Act, is amended to read as follows:

"(d) Nothing in this Act or the rules or regulations thereunder shall be construed to require authority or permission to export, except where required by the President to effect the policies set forth in section 3 of this Act.".

HARDSHIP RELIEF

SEC. 8. The Export Administration Act of 1969 is amended by inserting after section 4 the following new section:

"PROCEDURES FOR HARDSHIP RELIEF FROM EXPORT CONTROLS

"SEC. 4A. (a) Any person who, in his domestic manufacturing process or other domestic business operation, utilizes a product produced abroad in whole or in part from a commodity historically obtained from the United States but which has been made subject to export controls, or any person who historically has exported such a commodity, may transmit a petition of hardship to the Secretary of Commerce requesting an exemption from such controls in order to alleviate any unique hardship resulting from the imposition of such controls. A petition under this section shall be in such form as the Secretary of Commerce shall prescribe and shall contain information demonstrating the need for the relief requested.

"(b) Not later than 30 days after receipt of any petition under subsection (a), the Secretary of Commerce shall transmit a written decision to the petitioner granting or denying the requested relief. Such decision shall contain a statement setting forth the Secretary's basis for the grant or denial. Any exemption granted may be subject to such conditions as the Secretary deems appropriate.

"(c) For purposes of this section, the Secretary's decision with respect to the grant or denial of relief from unique hardship resulting directly or indirectly from the imposition of controls shall reflect the Secretary's consideration of such factors as—

"(1) Whether denial would cause a unique hardship to the applicant which can be alleviated only by granting an exception to the applicable regulations. In determining whether relief shall be granted, the Secretary will take into account:

"(A) ownership of material for which there is no practicable domestic market by virtue of the location or nature of the material;

"(B) potential serious financial loss to the applicant if not granted an exception;

"(C) inability to obtain, except through import, an item essential for domestic use which is produced abroad from the commodity under control;

"(D) the extent to which denial would conflict, to the particular detriment of the applicant, with other national policies including those reflected in any international agreement to which the United States is a party;

"(E) possible adverse effects on the economy (including unemployment) in any locality or region of the United States; and

"(F) other relevant factors, including the applicant's lack of an exporting history during any base period that may be established with respect to export quotas for the particular commodity.

"(2) The effect a finding in favor of the applicant would have on attainment of the basic objectives of the short supply control program.

In all cases, the desire to sell at higher prices and thereby obtain greater profits will not be considered as evidence of a unique hardship, nor will circumstances where the hardship is due to imprudent acts or failure to act on the part of the appellant.".

INTERAGENCY REVIEW

SEC. 9. Section 4 of the Export Administration Act of 1969, as amended by sections 3 and 5 of this Act, is amended by adding at the end thereof the following new subsection:

"(h)(1) The Congress finds that the defense posture of the United States may be seriously compromised if the Nation's goods and technology are exported to a controlled country without an adequate and knowledgeable assessment being made to determine whether export of such goods and technology will significantly increase the military capability of such country. It is the purpose of this subsection to provide for such an assessment and to authorize the Secretary of Defense to review any proposed export of goods or technology to any such country and, whenever he determines that the export of such goods or technology will significantly increase the military capability of such country, to recommend to the President that such export be disapproved.

"(2) Notwithstanding any other provision of law, the Secretary of Defense shall determine, in consultation with the export control office to which licensing requests are made, the types and categories of transactions which should be reviewed by him to carry out the purpose of this subsection. Whenever a license or other authority is requested for the export of such goods or technology to any controlled country, the appropriate export control office or agency to whom such request is made shall notify the Secretary of Defense of such request, and such office may not issue any license or other authority pursuant to such request prior to the expiration of the period within which the President may disapprove such export. The Secretary of Defense shall carefully consider all notifications submitted to him pursuant to this subsection and, not later than 30 days after notification of the request, shall—

"(A) recommend to the President that he disapprove any request for the export of any goods or technology to any controlled country if he determines that the export of such goods or technology will significantly increase the military capability of such country;

"(B) notify such office or agency that he will interpose no objection if appropriate conditions designed to achieve the purposes of this Act are imposed; or

"(C) indicate that he does not intend to interpose an objection to the export of such goods or technology.

If the President notifies such office or agency, within 30 days after receiving a recommendation from the Secretary, that he disapproves such export, no license or other authorization may be issued for the export of such goods or technology to such country.

"(3) Whenever the President exercises his authority under this subsection to modify or overrule a recommendation made by the Secretary of Defense pursuant to this section, the President shall submit to the Congress a statement indicating his decision together with the recommendation of the Secretary of Defense.

"(4) As used in this subsection—

"(A) the term 'goods or technology' means—

"(i) machinery, equipment, capital goods, or computer software; or

"(ii) any license or other arrangement for the use of any patent, trade secret, design, or plan with respect to any item described in clause (1);

"(B) the term 'export control office' means any office or agency of the United States Government whose approval or permission is required pursuant to existing law for the export of goods or technology; and

"(C) the term 'controlled country' means any Communist country as defined under section 620(f) of the Foreign Assistance Act of 1961."

EXPORT FEES AND LICENSES

SEC. 10. Section 4 of the Export Administration Act of 1969, as amended by sections 3, 5, and 9 of this Act, is amended by adding at the end thereof the following:

"(i) In imposing export controls to effectuate the policy stated in section 3 (2)(A) of this Act, the President's authority shall include, but not be limited to, the imposition of export license fees."

ECONOMIC POLICY ACTIONS

SEC. 11. Section 3 of the Export Administration Act of 1969 is amended by adding at the end thereof the following new paragraph:

"(7) It is the policy of the United States to use export controls, including license fees, to secure the removal by foreign countries of restrictions on access to supplies where such restrictions have or may have a serious domestic inflationary impact, have caused or may cause a serious domestic shortage, or have been imposed for purposes of influencing the foreign policy of the United States. In effecting this policy, the President shall make every reasonable effort to secure the removal or reduction of such restrictions, policies, or actions through international cooperation and agreement before resorting to the imposition of controls on the export of materials from the United States: *Provided*, That no action taken in fulfillment of the policy set forth in this paragraph shall apply to the export of medicine or medical supplies."

ALLOCATION OF LICENSES

SEC. 12. Section 4(b)(1) of the Export Administration Act of 1969 is amended by adding at the end thereof the following: "In curtailing the exportation of any articles, materials, or supplies to effectuate the policy set forth in section 3(2)(A) of this Act, the President is authorized and directed to allocate a portion of export licenses on the basis of factors other than a prior history of exportation."

EXPIRATION DATE

SEC. 13. Section 14 of the Export Administration Act of 1969 is amended by striking "September 30, 1974" and inserting in lieu thereof "September 30, 1976".

PRESIDENTIAL REVIEW

SEC. 14. The President is directed to review all laws, regulations issued thereunder by the Atomic Energy Commission, the Department of Commerce, and other Government agencies, governing the export and reexport of materials, supplies, articles, technical data or other information relating to the design, fabrication, development, supply, repair or replacement of any nuclear facility or any part thereof, and to report within six months to the Congress on the adequacy of such regulations to prevent the proliferation of nuclear capability for nonpeaceful purposes. The President is also directed to review domestic and international nuclear safeguards and to report within six months to the Congress on the adequacy of such safeguards to prevent the proliferation, diversion or theft of all such nuclear materials and on efforts by the United States and other countries to strengthen international nuclear safeguards in anticipation of the Review Conference scheduled to be held in February 1975 pursuant to Article VIII, section 3 of the Treaty on the Non-Proliferation of Nuclear Weapons."

And the House agree to the same.

WRIGHT PATMAN,
THOMAS L. ASHLEY,
THOMAS M. REES,
PARREN J. MITCHELL,
FERNAND J. ST GERMAIN,
RICHARD T. HANNA,
EDWARD I. KOCH,
ANDREW YOUNG,
JOHN J. MOAKLEY,
WILLIAM B. WIDNALL,
BEN B. BLACKBURN,
GARRY BROWN,
ALBERT W. JOHNSON,
STEWART B. MCKINNEY,
BILL FRENZEL,
Managers on the Part of the House.

ADLAI E. STEVENSON III,
ALAN CRANSTON,
WILLIAM D. HATHAWAY,
JOE BIDEN,
BOB PACKWOOD,
BILL BROCK,
EDWARD W. BROOKE,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3792) to amend and extend the Export Administration Act of 1969 submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment:

The Committee of Conference has agreed to a substitute for both the Senate bill and the House amendments. Except for clarifying, clerical, and conforming changes, the differences are noted below:

The House amendment did not contain a short title. The Senate bill contained a short title. The conferees agreed to accept the Senate short title.

The Senate bill contained a provision amending Section 3(2)(A) of the Export Administration Act of 1969 by striking the word "abnormal". There was no comparable provision in the House amendment. The conferees accepted the Senate provision.

In the past, one of the impediments to effective use of export controls has been the need to show that the foreign demand which produces an excessive drain of scarce materials and serious inflation is "abnormal." The term "abnormal" suggests the need to show, by reference to some earlier period, that the pattern or magnitude of foreign demand has changed significantly. However, determination of an appropriate reference point for assessing whether foreign demand is normal or abnormal is impossible to do with any degree of certainty, since trade patterns fluctuate. Moreover, in some situations, an excessive drain of scarce materials and serious inflation can result even if foreign demand levels have not changed significantly. This could occur when total supply declines for one reason or another. In that circumstance, even if foreign demand is at pre-existing levels, there can be an excessive drain of scarce materials and serious inflation.

It is the intent of the conferees that foreign demand need not be abnormal before export controls may be imposed. Instead, controls may be used when foreign demand results or will result in an excessive drain of scarce materials and serious inflation. However, as at present, foreign demand must be a significant factor in present or prospective inflation before controls may be imposed.

It is the intent of the conferees that export regulations implementing this policy reflect that foreign demand need not be the major cause of serious inflation in the price of a commodity as a condition to permit the use of export controls. It is sufficient that such demand be a significant factor in causing inflation in the price. It is also the intent of the conferees that controls should be imposed to prevent an excessive drain of scarce materials from taking place and that controls need not be held in abeyance until such an excessive drain has actually occurred.

The authority to control exports in fulfillment of this policy should be implemented within the context of an international economic policy that places long-term priority on the maintenance of an open international trading system with a minimum of governmental interference.

Export controls, when required, should be imposed in a timely manner, with consideration of the impact of the controls upon sectors of the domestic economy and upon traditional foreign purchasers. Embargoes should be avoided except in extraordinary circumstances and quantitative limitations should be imposed sufficiently early to effectively cushion adverse effects on the domestic economy and at a level that would minimize the disruptive effects on historical supply relationships. To the extent feasible, the imposition of export limitations should be preceded by consultations with the principal importing countries affected by such limitations.

The Senate bill contained a provision directing the Secretary of Commerce to monitor exports and contracts for exports (other than for commodities subject to Section 812 of the Agricultural Act of 1970) when such exports contribute or may contribute to domestic price increases or shortages and such price increases or shortages have or may have a serious adverse impact on the domestic economy or any sector thereof. The provision further requires that the Secretary issue periodic reports indicating the results of such monitoring and analyzing the domestic and international impact of shortages and price increases. The provision further requires that the Secretary consult with the Federal Energy Administration to determine whether such monitoring is warranted for energy-related exports. There was no comparable provision in the House amendment. The conferees accepted the Senate provision with an amendment deleting the requirement that the Secretary of Commerce report his analysis of the probable duration of shortages or increased prices.

The Senate bill contained a provision which makes it national policy to foster international cooperation and the development of international rules and institutions to assure reasonable access to world supplies. The House amendment contained no comparable provision. The conferees accepted the Senate provision.

The Senate bill contained a provision requiring that export license applications required pursuant to national security policy provisions of the Export Administration Act be approved or disapproved within 90 days of their submission or, in the alternative, that the applicant be informed of the circumstances requiring additional processing time. The Senate provision further specifies that the Departments of Commerce, Defense, and State be represented on the technical advisory committees with respect to such exports. The provision further requires that such technical advisory committees be provided with adequate information, consistent with national security, to facilitate their work. The House amendment contained no comparable provision. The conferees accepted the Senate provision.

The Senate bill contained a provision requiring the Secretary of Commerce, upon imposing quantitative restrictions on exports pursuant to the policy stated in Section 3(2)(A) of the Export Administration Act, to publish in the Federal Register an invitation to all interested parties to submit written comments on the impact of such restrictions. There was no comparable provision in the House amendment. The conferees accepted the Senate provision.

The Senate bill provided for a petition procedure for hardship relief from export controls, together with certain criteria to be considered by the Secretary of Commerce in decisions with respect to the granting or denial of such relief. The House amendment contained no comparable provision. The conferees accepted the Senate provision.

The conferees recognize that export controls may in certain situations work a hardship on domestic manufacturers and their employees. For example, one domestic manufacturer, American Motors, stated that, as a result of export controls on scrap steel, its continued domestic production of a major consumer product has been endangered with potential dislocation of the economy and employment. A critical component of this manufacturer's final product is provided by its facility in Canada pursuant to the terms of the United States-Canada Automotive Products Agreement of 1965. This component, the engine block, is produced in part from scrap steel exported from the United States. Such scrap is presently subject to controls. Relief in the past has been unavailable to the manufacturer, and there has existed a threat that the manufacturer's American production lines would be closed as a consequence of the export control program.

It is the intent of the conferees that the Secretary consider relief in situations such as may be represented by a domestic manufacturer who produces or causes to be produced from materials exported to a foreign subsidiary, division or firm, a critical component of the product which it assembles or manufactures in the United States with domestic labor. Exemption from export controls is warranted in such a case because the domestic economy benefits through the uninterrupted

and efficient production of the domestic product. In such instances, the exported commodity or material is returned for use in a domestic product and sold for use in the United States. Alternatively, it may be exported, with a value greater than the value of the component raw material otherwise restricted from export, thus contributing favorably to the balance of payments.

The Senate bill contained a provision authorizing and directing the Secretary of Defense to review proposed exports of goods or technology to certain countries to determine whether such exports will significantly increase the military capability of such countries and to recommend to the President that exports which would make such a significant increase be disapproved. The Senate provision authorized the President to overrule the Secretary provided that the President submits to the Congress a statement indicating his decision, together with the recommendation of the Secretary. The Senate provision specified that the Congress may disapprove the action of the President by concurrent resolution within 60 days of such a statement.

The Senate provision further required that any modification of the COCOM international commodity control lists require agreement of the President and that any such action be subject to disapproval by the Congress within 60 days of such agreement.

The House receded to the Senate provision with an amendment which eliminated references to modification of the COCOM lists and to Congressional disapproval and which specified that the Secretary of Defense determine, in consultation with the export control office to which licensing requests are made, the types and categories of transactions which should be reviewed.

The Senate bill contained a provision specifying that, in imposing export controls to effectuate the policy stated in Section 3(2)(A) of the Export Administration Act, the President's authority shall include, but not be limited to, the imposition of export license fees and the auction of export licenses. The House amendment contained no similar provision. The House receded to the Senate with an amendment which eliminated explicit reference to the auction of export licenses.

The Senate bill contained a provision requiring the Secretary of Commerce to establish regulations for the licensing of all police, law enforcement, or security equipment manufactured for use in surveillance, eavesdropping, crowd control, interrogations, or penal retribution. The provision required that any license for such exports be reviewed by the Attorney General and submitted to Congress with an opportunity for disapproval by resolution of either House within 60 days. The Senate provision further provided for exemption of individual countries and specific categories of equipment from the Congressional review and disapproval provision upon a finding by the Secretary of Commerce that exports of such equipment would not threaten fundamental human and civil liberties. The House amendment contained no comparable provision. The Senate conferees receded to the House.

The Senate bill contained a provision directing the President to review laws and regulations governing the export and reexport of nuclear materials and technology and the adequacy of domestic and international safeguards to prevent proliferation of such materials and technology and further required that the President report to the Congress within six months on the adequacy of such laws, regulations and safeguards. The House amendment contained no similar provision. The House receded to the Senate.

The Senate bill provided for an extension of the Export Administration Act of 1969 to June 30, 1977. The House amendment provided for an extension to September 30, 1976. The Senate receded to the House.

In granting this extension, the conferees intend and expect that the Department of Commerce will more fully comply with its responsibility to report to the Congress. The Export Administration Act requires that the President and the Congress be provided with a quarterly report of operations performed under the Act. Before 1973, the Office of Export Administration was responsible for preparing and publishing the report, but in 1973 control of the report was shifted to the Bureau of East-West Trade.

Placing responsibility for the report in the Bureau of East-West Trade produced a change in its subject matter. The report now focuses on the expansion of East-West Trade and relegates the subject of export controls to one chapter. The primary emphasis of that chapter is on strategic export controls.

The report provides only a limited description of short supply export control actions and does not provide substantive analysis and assessment of the domestic and international impact of export control decisions. Moreover, quarterly reports have not been published in a timely manner and not within 45 days of the end of the calendar quarter, as specified in the Act. The conferees expect these situations to be promptly remedied.

The Senate bill contained a provision directing the Comptroller General to conduct a continuous review of the effectiveness of procedures of the Secretary of Commerce in administering export controls and further directing the Comptroller General to report to Congress when he determines that there is a domestic shortage of a commodity. The House amendment contained no similar provision. The Senate receded to the House.

The Senate bill contained a provision amending the Mineral Leasing Act of 1920 to prohibit the export of domestically produced crude oil transported by pipeline over federally-granted rights of way unless the President finds that such export will not, directly or indirectly, increase the price thereof to domestic petroleum purchasers. The House amendment contained no similar provision. The Senate receded to the House.

The Senate bill contained a provision requiring the Secretary of Agriculture, within 90 days after the beginning of a crop year, to determine which commodities subject to the reporting requirements of Section 812 of the Agricultural Act of 1970 are likely to be in short supply, and to submit, with the concurrence of the Secretary of Commerce, his findings to Congress together with a plan to cope with the anticipated shortage. The House amendment contained no similar provision. The Senate receded to the House.

The Senate bill contained a provision making it the policy of the United States to use export controls to secure removal by foreign nations of restrictions on access to supplies if such restrictions have or may have a serious impact on the economy or have been imposed for purposes of influencing U.S. foreign policy. The provision directs the President to make every reasonable effort to secure the removal or reduction of such restrictions through international cooperation and agreement before resorting to the imposition of retaliatory export controls. The provision further required that the President consult with the Tariff Commission and congressional committees before exercising his authority thereunder. The House amendment contained no similar provision. The House receded to the Senate with an amendment deleting reference to prior consultation with the Tariff Commission and congressional committees.

It is the intent of the conferees that the exercise of the authority conferred by this provision be implemented, whenever feasible, through international cooperation rather than unilateral action.

The House amendment contained a provision authorizing and directing the President to allocate a portion of export licenses on the basis of factors other than prior export history in effecting the policy set forth in Section 3(2)(A) of the Export Administration Act. The Senate bill contained no similar provision. The Senate receded to the House.

WRIGHT PATMAN,
THOMAS L. ASHLEY,
THOMAS M. REES,
PARREN J. MITCHELL,
FERNAND J. ST GERMAIN,
RICHARD T. HANNA,
EDWARD I. KOCH,
ANDREW YOUNG,
JOE MOAKLEY,
WILLIAM B. WIDNALL,
BEN B. BLACKBURN,
GARRY BROWN,
ALBERT W. JOHNSON,
STEWART B. MCKINNEY,
BILL FRENZEL,
Managers on the Part of the House.

ADLAI E. STEVENSON III,
ALAN CRANSTON,
WILLIAM D. HATHAWAY,
JOE BIDEN,
BOB PACKWOOD,
BILL BROCK,
EDWARD W. BROOKE,
Managers on the Part of the Senate.

CONFERENCE REPORT ON S. 1769, FIRE PREVENTION AND CONTROL ACT OF 1974

Mr. TEAGUE submitted the following conference report and statement on the Senate bill (S. 1769) to reduce the burden on interstate commerce caused by avoidable fires and fire losses, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 1413)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1769) to reduce the burden on interstate commerce caused by avoidable fires and fire losses, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as the "Federal Fire Prevention and Control Act of 1974".

FINDINGS

SEC. 2. The Congress finds that—

(1) The National Commission on Fire Prevention and Control, established pursuant to Public Law 90-259, has made an exhaustive and comprehensive examination of the Nation's fire problem, has made detailed findings as to the extent of this problem in terms of human suffering and loss of life and property, and has made ninety thoughtful recommendations.

(2) The United States today has the highest per capita rate of death and property loss from fire of all the major industrialized nations in the world.

(3) Fire is an undue burden affecting all Americans, and fire also constitutes a public health and safety problem of great dimensions. Fire kills 12,000 and scars and injures 300,000 Americans each year, including 50,000 individuals who require extended hospitalization. Almost $3 billion worth of property is destroyed annually by fire, and the total economic cost of destructive fire in the United States is estimated conservatively

Mathias, Calif.
Mayne
Michel
Mills
Minshall, Ohio
Moakley
Passman
Podell
Powell, Ohio
Price, Tex.
Pritchard
Rarick
Riegle
Roberts
Roncalio, Wyo.
Rooney, N.Y.
Rose
Scherle
Snyder
Steele
Stephens
Stratton
Stubblefield
Stuckey
Sullivan
Symms
Taylor, Mo.
Teague
Thomson, Wis.
Thone
Towell, Nev.
Traxler
Veysey
White
Whitehurst
Wilson, Charles H., Calif.
Wright
Young, S.C.

So the motion to recommit was rejected.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Stubblefield.
Mr. Rooney of New York with Mr. Rarick.
Mr. Teague with Mrs. Hansen of Washington.
Mr. de la Garza with Mr. Hansen of Idaho.
Mr. Riegle with Mr. Mills.
Mr. Roberts with Mr. Findley.
Mr. Donohue with Mr. Michel.
Mr. Fulton with Mr. Del Clawson.
Mr. Hawkins with Mr. Conable.
Mr. Stephens with Mr. Mathias of California.
Mr. Stratton with Mr. Andrews of North Dakota.
Mrs. Sullivan with Mr. Hanrahan.
Mr. Charles H. Wilson of California with Mr. Maraziti.
Mr. Wright with Mr. Blackburn.
Mr. Rose with Mr. Mayne.
Mr. Moakley with Mr. Hunt.
Mr. Carey of New York with Mr. Burke of Florida.
Mrs. Burke of California with Mr. McDade.
Mr. Stuckey with Mr. Duncan.
Mr. Traxler with Mr. Minshall of Ohio.
Mr. White with Mr. Dickinson.
Mr. Passman with Mr. Powell of Ohio.
Mr. Scherle with Mr. Price of Texas.
Mr. Roncalio of Wyoming with Mr. Young of South Carolina.
Mr. Snyder with Mr. Taylor of Missouri.
Mr. Steele with Mr. Whitehurst.
Mr. Veysey with Mr. Towell of Nevada.
Mr. Thomson of Wisconsin with Mr. Symms.
Mr. Pritchard with Mr. Thone.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PRICE of Illinois. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 11221) entitled "An act to provide full deposit insurance for public units and to increase deposit insurance from $20,000 to $50,000."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14225) entitled "An act to amend and extend the Rehabilitation Act of 1973 for 1 additional year."

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN REPORTS

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain reports.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE REPORT ON HOUSE CONCURRENT RESOLUTION 667

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on House Concurrent Resolution 667, to establish a target for budget outlays for fiscal year 1975 in the amount of $300 billion.

The SPEAKER. Is there objection to the request from the gentleman from Texas?

There was no objection.

EXPORT ADMINISTRATION ACT AMENDMENTS

Mr. PATMAN. Mr. Speaker, I call up the conference report on the Senate bill (S. 3792) to amend and extend the Export Administration Act of 1969, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, I would ask the gentleman from Texas: What is the hurry?

Mr. PATMAN. Mr. Speaker, I would reply to the gentleman from California that it is just to expedite the business of the House, and the Congress, that the statement of the managers should be read at this time; the statement would disclose what the bill has in mind.

Mr. ROUSSELOT. What is the rush? Why are we in such a hurry?

Mr. PATMAN. It is just like all the other bills that have been placed on the calendar.

Mr. ROUSSELOT. This is the export-import legislation?

Mr. PATMAN. This is the Export Administration Act amendments.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of October 2, 1974.)

Mr. PATMAN (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I yield myself such time as I may consume.

(Mr. PATMAN asked and was given permission to revise and extend his remarks.)

Mr. PATMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the conference report on S. 3792 to amend and extend the Export Administration Act of 1969. The act provides the President with the authority to prohibit or curtail exports from the United States for three purposes: National security, foreign policy, and short supply. This authority expired on September 30, 1974.

There were two House provisions and 14 Senate provisions of substance which were the subject of the conference on the Export Administration Act. The Senate receded to the House in six instances. The House receded to the Senate in seven instances, and in three instances the House insisted on amendments to Senate provisions. In each instance in which a Senate provision was similar or identical to a provision specifically rejected on the floor of the House, the House conferees prevailed.

Let me take this opportunity, Mr. Speaker, to congratulate the House conferees, all of whom are members of the Subcommittee on International Trade, who worked long and hard to bring this legislation forward and who articulated the concerns of the House in the recent conference and tenaciously defended the House position. I want to particularly commend my distinguished colleague from Ohio (Mr. ASHLEY) who served as vice chairman of the conference.

Mr. Speaker, I yield at this time to the chairman of the Subcommittee on International Trade of the Banking and Currency Committee (Mr. ASHLEY), who will explain in greater detail the work of the conference.

(Mr. ASHLEY asked and was given permission to revise and extend his remarks.)

Mr. ASHLEY. I thank my distinguished chairman of the full committee for yielding.

As the gentleman from Texas has pointed out, there were some 16 substantive provisions which were the subject of conference.

The House amendment contained two provisions: an extension of the Export Administration Act to September 30, 1976, and an amendment which would direct the President to allocate a portion of export licenses on the basis of factors other than a prior history of export. Both of these provisions were adopted by the conference committee.

There were four instances in which the Senate prevailed and which would constitute important changes in the Export Administration Act.

One such provision adopted by the conferees would direct the Secretary of Defense to review proposed exports of goods and technology to communist countries to determine whether such exports will significantly increase the military capability of such countries and to recommend to the President whether such exports be disapproved.

A second important provision adopted by the conferees would modify short supply policy by authorizing export controls when significant foreign demand results or will result in an excessive drain of scarce materials and serious inflation.

In the past, one of the impediments to effective use of export controls has been the need to show that the foreign demand which produces an excessive drain of scarce materials and serious inflation is "abnormal." In some situations, an excessive drain of scarce materials and serious inflation can result even if foreign demand levels have not changed significantly. This can occur when total supply declines for one reason or another. In such a circumstance, even if foreign demand is at preexisting levels, there can be an excessive drain of scarce materials and serious inflation. It is for this reason that the conferees agreed to the Senate provision striking from the Export Administration Act of 1969 the word "abnormal," so that the declaration of policy with respect to short supply would read:

> It is the policy of the United States to use export controls to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of foreign demand.

A third important Senate provision agreed to by the committee of conference is one which would direct the Secretary of Commerce to monitor exports and contracts for exports of commodities not subject to section 812, Agricultural Act of 1970—wheat and wheat flour, feed grains, oil seeds, cotton and products thereof, and other commodities the Secretary of Agriculture may designate—when such exports contribute to domestic price increases or shortages which have a serious adverse impact on the domestic economy.

The fourth principal provision contained in the conference report which was not part of the House amendment is one which would declare it U.S. policy to use export controls to secure removal by foreign nations and restrictions on access to supplies if such restrictions have a serious impact on the economy or have been imposed to influence U.S. foreign policy. The provision would also direct the President to make every reasonable effort to secure the removal or reduction of such restrictions through international cooperation and agreement before resorting to retaliatory export controls.

Mr. Speaker, I believe that the conference report is a well-reasoned and acceptable accommodation of the House and Senate positions with respect to this legislation. There is no clear authority at the present time for the control of export for reasons of short supply. I would urge my colleagues to restore the authority that the President so very much needs in this vital area and to join in supporting the report for the very useful national security and foreign policy provisions which it also contains.

I thank the gentleman from Texas (Mr. PATMAN) for yielding.

Mr. DENNIS. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Indiana.

Mr. DENNIS. Mr. Speaker, is it not true that within the past few weeks we had a rollcall vote here in this House on the point of whether this word "abnormal" should be or not be in the law, either on this bill or another bill, and we defeated here on a rollcall vote the idea that the word should be taken out, the feeling of this House at that time being we ought not to make it easier to impose export controls on agricultural products, and we voted accordingly?

Mr. ASHLEY. The gentleman really is not addressing himself to the facts. We are talking about the word "abnormal" and this goes on to nonagricultural commodities without exception. The gentleman's effort to exempt agriculture from the general application of the law, I must say, was successful, so agriculture is not subject to this requirement. Export controls on agricultural commodities can only take place when the Secretary of Commerce and the Secretary of Agriculture have determined that the domestic supply is insufficient to meet the domestic demand. So we have two very different tests for the application of export controls. The first test is for nonagricultural commodities. It is in that regard that the word "abnormal" is useful. The additional test for agricultural commodities is quite different.

Mr. DENNIS. If the gentleman will yield further, the word "abnormal" still applies to agricultural exports?

Mr. ASHLEY. I cannot say more clearly it does not apply to agricultural exports, by reason of the additional test in section 4(e) of the act.

Mr. DENNIS. What the gentleman is saying, if I understand him, is that the changes made in the law in this conference report do not apply to agricultural exports. Is that correct?

Mr. ASHLEY. I yield to the gentleman from California, perhaps he can reply further.

Mr. REES. Mr. Speaker, if I can make two points to the gentleman they are these.

One, there was no vote taken on striking the word "abnormal" during the debate on the Export Administration Act. There was no amendment offered to strike that word. There was an amendment offered, which I offered, to strike the word "or" in terms of a two-pronged criteria to determine the need for export controls and that was defeated by a voice vote.

Here is the law regards agriculture products:

> The authority conferred by this section shall not be exercised with respect to any agricultural commodity including fats and oils or animal hides or skins, without the approval of the Secretary of Agriculture. The Secretary of Agriculture shall not approve the exercise of such authority with respect to any such commodity during any period for which the supply of such commodity is determined by him to be in excess of the requirements of the domestic economy.

This is the agricultural product safeguard that is in the existing law and this paragraph was not changed one iota by the conference report.

Mr. BURLISON of Missouri. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Did I understand the gentleman to say that under the present law there is no provision to embargo agricultural products?

Mr. ASHLEY. I was paraphrasing my view of the situation, and I will repeat. On the basis of the action of this body about 2 months ago, the House-passed bill, there is additional special protection against controls for agriculture. It would be almost impossible for the Secretary of Agriculture to reach the finding to which my friend, the gentleman from California, referred. For all intents and purposes it would be extremely difficult for export controls to be applied to agricultural commodities. That is a function of action of this body in August on the export administration amendments.

Mr. BURLISON of Missouri. If the gentleman will yield further, is he familiar with the action taken by the President this past Saturday?

Mr. ASHLEY. I did not hear the gentleman.

Mr. BURLISON of Missouri. If the gentleman will yield further, is the gentleman from Ohio familiar with the action of the President taken last Saturday to cancel and terminate the sale of wheat and corn?

Mr. ASHLEY. I am familiar with the press accounts of the situation.

Mr. BURLISON of Missouri. Is the gentleman saying that under the application of this law that that could not take place?

Mr. ASHLEY. Well, now the President really did not have recourse to any existing law. What he did last weekend was to jawbone the situation. He prevailed upon two large commodity traders and caused them voluntarily to go no further with the transaction. I can only say that at the present time the President has as an authority the Trading with the Enemy Act. If he wants to take action to curtail exports, that is a very unsophisticated weapon dating back to 1917 and of questionable application to short supply situations. The Export Administration Act has expired. That is why we are here this afternoon—to pass the conference report that will extend the life of the 1969 act.

Let me say to the gentleman that even if we adopt the conference report, this will not give the President the authority to impose export controls for reasons of short supply or an agricultural commod-

ity under the circumstances that exist today.

(Mr. BURLISON of Missouri asked and was given permission to revise and extend his remarks.)

Mr. ICHORD. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Missouri.

Mr. ICHORD. As the distinguished gentleman in the well knows, I have been concerned about the shipment of goods or technology to controlled countries. My question goes to the point where the Secretary of Defense rules against the shipment of such goods or technology and the President of the United States overrules the Secretary of Defense.

Of course, as the gentleman knows, I preferred a procedure giving Congress the power to consider a veto of the President of the Secretary's recommendation, but that did not prevail.

My specific question is this. The conference committee report reads:

(3) Whenever the President exercises his authority under this subsection to modify or overrule a recommendation made by the Secretary of Defense pursuant to this section, the President shall submit to the Congress a statement indicating his decision together with the recommendations of the Secretary of Defense.

My question is, When does the committee intend that the President transmit the veto message to Congress so that Congress can be informed of the action?

Mr. ASHLEY. I am pleased that the gentleman raised that question to make legislative history. It was the firm view of the conferees on both sides that this should be done promptly, that once a decision was reached by the President, it be made known very promptly to the Congress.

Otherwise, there would be no purpose in the language that has been agreed upon.

Mr. ICHORD. Mr. Speaker, I thank the gentleman for making legislative history.

Mr. MAYNE. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from Iowa.

Mr. MAYNE. Mr. Speaker, as I understand the situation, when we acted on this bill 2 months ago, an attempt was made to remove the word "abnormal" as it affected agricultural exports, and those of us who wanted to preserve the right of the American farmer to sell overseas resisted that attempt, and prevailed.

I note on page 9 of the report this language in the next to the last paragraph:

It is the intent of the conferees that foreign demand need not be abnormal before export controls may be imposed.

To that extent, there is a retreat by the House conferees from the House position. Do I correctly understand the gentleman from Ohio to have given us his assurance, and also the gentleman from California (Mr. REES), that this removal of the abnormal requirement does not apply to agricultural products?

Mr. ASHLEY. No. What I have been saying is that the language of existing laws with respect to this originally had the word, "abnormal", which is a test, but only part of the test for agricultural products. We have another one. In other words, the only way the export of agricultural products could be approved is if a two-part test is met.

The second one is extremely difficult to meet, so the gentleman does not have to worry about export controls on agricultural products.

Mr. MAYNE. But, do I understand——

Mr. ASHLEY. We did not say that "abnormal" is going to be part of the requirement that has to be met for agriculture, but not for other commodities. We did not do that.

Mr. MAYNE. In other words, the gentleman is treating agricultural products just like any other products, and no longer are we going to have the protection also of there having to be a showing of an abnormal demand before export controls can be instituted?

Mr. ASHLEY. The gentleman is not entirely correct. He has forgotten that he won the day when the House bill was considered, in that agricultural products were singled out to be treated differently from nonagricultural products. Does the gentleman not remember that?

Mr. MAYNE. Mr. Speaker, I make no apology for that, I say to the gentleman from Ohio, because unless we do have assurances of export markets, we are not going to have the production in this country of agriculutral products that are necessary to feed the American consumer or our foreign friends, or to preserve our balance of payments.

Mr. ASHLEY. That is, of course, the view of the gentleman, and that view prevailed. But, I cannot understand why the gentleman is now asking me whether it is a fact that agricultural and nonagricultural products are going to be treated the same for purposes of application of export controls. Of course, they are not.

Mr. MAYNE. I think that reassures me, but I just want—I implore the gentleman to continue being patient with me. Is it true, then, that before there can be export controls levied against agricultural products, it will be necessary to show an abnormal demand, as has been the law?

Mr. REES. Mr. Speaker, will the gentleman yield to me?

Mr. ASHLEY. I am going to yield to the gentleman from California, a member of the committee and a conferee (Mr. REES). I hope he will find words to describe the situation.

Mr. REES. Mr. Speaker, I appreciate the gentleman yielding to me. I am reading from the law here.

We have a general policy section of the bill that affects all of the Export Administration Act, and the word "abnormal" was removed from the policy sections. Let me read that paragraph:

It is the policy of the United States to use export controls, a) to the extent necessary to protect the domestic economy from the excessive drain of scarce materials.

And here is the second prong of the two-prong test.

And to reduce the serious inflationary impact of abnormal foreign demand.

So, we struck the word "abnormal" so that the law will read:

To reduce the serious inflationary impact of foreign demand.

We already covered the problem of the domestic economy being drained because of excess foreign demand. It is already in the act. We retained the two-pronged test. It is "and" not "or." If we continue through the "and," we have the specific section I read to the gentleman from Indiana, which is another test for agriculture. While all other products in this country are covered under one criterion, because of the excellent work done by Congressmen from agricultural States we have this exception.

I will read the paragraph again. It states:

The authority conferred by this section shall not be exercised with respect to any agricultural commodity without the approval of the Secretary of Agriculture.

That is No. 1.

Then it restricts the Secretary of Agriculture, by saying:

The Secretary of Agriculture shall not approve the exercise of such authority with respect to any such commodity during any period for which the supply of such commodity is determined by him to be in excess of the requirements of the domestic economy.

Agriculture has to find the wheat, that "x" amount of bushels will cover all of the domestic demand, and controls might be put exporting wheat and the supply is under domestic demand.

Mr. MAYNE. Mr. Speaker, if the gentleman will yield further, it does boil down to this: That the protection of the word "abnormal" has now been removed and we no longer have the assurance that before export controls can be imposed on agricultural product, there must be showing of abnormal foreign demand.

Mr. REES. Mr. Speaker, I would say that under the current demand situation that caused the grain companies to voluntarily withhold the Soviet contracts, the word "abnormal" would have absolutely no effect on the situation because that foreign demand certainly was not abnormal.

Mr. ASHLEY. The gentleman from California is right.

Mr. MAYNE. This was not clear to me in the gentleman's original statement. Because that does weaken our position in protecting and reserving the right of the farmer to export his products, I must regretfully vote against this conference report.

Mr. REES. I disagree with the gentleman.

Mr. MAYNE. I think it weakens agriculture substantially over the House version as we passed it two months ago.

Mr. REES. It does not do that.

Mr. HANNA. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman.

Mr. HANNA. I thank the gentleman for yielding. Let me give the Members the background of exactly what happened, in terms of the word "abnormal." The word "abnormal" was in the law. In the bill that came out of our subcommittee, the word "abnormal" had been taken out. That was in the bill that had been brought to the floor. As the Members will recall, I put in a substitute for simply

the substance of the existing law which left "abnormal" in it. That was the circumstance with which we went into conference. The point was very strongly made—I was one of the conferees, as the chairman knows—that the word "abnormal" made it very difficult for certain aspects of the export-import business. They took the word "abnormal" out, leaving the sole protection for agriculture within the discretion of the Department of Agriculture and the Secretary of Agriculture, but they included some language in the report which I think strikes at the concerns that were held by the people in the agricultural communities.

The language on page 10, in the first paragraph after the top of the page, says:

> The authority to control exports in fulfillment of this policy should be implemented within the context of an international economic policy that places long-term priority on the maintenance of an open international trading system with a minimum of governmental interference.

It then goes on to say, in the next paragraph:

> * * * with consideration of the impact of the controls upon sectors of the domestic economy and upon traditional foreign purchasers.

The thing we should be willing to accept in this country is that when we are selling our excesses, which we are in agricultural products, we also have to share the shortages.

I hope that will be read into what our foreign policy is in this field.

Mr. BURLISON of Missouri. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. Yes, I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Is it my understanding that the gentleman is saying that the President will have to have this legislation before he has the authority to apply export embargoes on agricultural commodities?

Mr. ASHLEY. What I said a few moments ago was that if the President thought it was important to impose export limitations, the only way he could possibly do so at the present time would be by use of the Trading With the Enemy Act of 1917. The reason is simply that the Export Administration Act has expired.

Mr. BURLISON of Missouri. When we took up this legislation initially a few weeks ago, I expressed serious reservations about a possible discriminatory application of the law.

I think the act of the President of the past weekend shows very clearly that if he has this law, it will be applied in a discriminatory fashion against grain and soybean farmers. The political attractiveness of driving down the farmer's prices to the satisfaction of the city consumer will be too great for the President to ignore.

For that reason, I am going to vote against the conference report.

Mr. DENNIS. Mr. Speaker, will the gentleman yield?

Mr. ASHLEY. Yes, I yield to the gentleman from Indiana.

Mr. DENNIS. Mr. Speaker, I thank the gentleman for yielding.

I think it is plain from the explanations that we have had from the gentleman in the well, the gentleman from California, and the other gentleman from California (Mr. HANNA), that the protection given to agricultural products by the word "abnormal" when this measure left the House has now been removed, whatever other protections may be present. The vote that I referred to a while ago was, in fact, on the amendment offered by the gentleman from California (Mr. HANNA). While it might not be technically about the word "abnormal," that certainly was one of the main things discussed. His amendment did prevail, and the House did take that position, but we have now receded from that. I am inclined also to vote against the conference report.

Mr. ASHLEY. That is not what the vote occurred on. The gentleman has a responsibility to be accurate, and he is not being accurate.

Mr. REES. If the gentleman will yield, it was on a vote for a bill that was a substitute offered by the gentleman from California (Mr. HANNA).

Mr. DENNIS. Which extended the old law, which included the word "abnormal."

Mr. ASHLEY. There are thousands of other words in the Export Administration Act.

Mr. WIDNALL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased to rise in support of the adoption of the Export Administration Amendments of 1974. I believe my colleagues will agree that the conferees were able to accomplish the formation of a cohesive legislative package on export administration even though procedural difficulties had prevented it in the House.

As my colleagues will no doubt recall a comprehensive bill was reported by the Committee on Banking and Currency. The presentation of an amendment in the nature of a substitute and a further substitute to that provision resulted in a long drawn out process which produced a simple extension of the Export Administration Act with only one technical amendment.

The Senate bill by contrast more closely resembled the bill reported out by the Banking Committee, a bill I might add which was the result of extensive hearings and thoroughly considered at all levels of the committee process.

I would describe the bill which the conference reported out as a viable and desirable entity which provides all of the necessary tools for evaluating decisionmaking, administering, and reviewing our export control policies, in order to reach those goals which we seek.

I believe that each provision in this bill is directed toward one or more of the basic policy goals enumerated in the existing statute; avoiding the inflationary impact of short supply and excessive foreign demand, the furtherance of our foreign policy, and the preservation of our national security.

In this context I can support without reservation and urge my colleagues to vote in favor of this conference report in order that it may become a part of permanent law as soon as possible and may provide one more instrument in our fight against inflation and in support of economic stability.

(Mr. WIDNALL asked and was given permission to revise and extend his remarks.)

Mr. WIDNALL. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, I, too, rise in support of this conference report. It is true, as has been pointed out on the floor, that the criteria for imposing controls has been slightly lessened, and I emphasize the word "slightly."

It seems to me that the language of the committee report in describing the change and the word "abnormal," makes it quite clear that this country and this Congress are still dedicated to an open system of free trade and the most unrestricted exchange of markets possible in this kind of a world.

On the other hand, we know that occasionally we must restrict. If we have to make a choice between our consumers in this country and consumers abroad, this Congress must come down on the side of the domestic consumer. Our President in his speech on conservation, in his economic message, indicated that we must monitor our local food supply and apply controls only in such instances when they are absolutely necessary to protect the domestic economy. That is what this bill does.

Mr. Speaker, to my friends who are interested in preserving opportunities for agriculture, may I say that, without this bill, agricultural exports can be restricted under the Trading With the Enemy Act, but that is a blunt instrument. This particular bill allows us to set guidelines, to set up a licensing system, to provide for a monitoring system. It seems to me it provides a much more orderly and sensible way to take care of export controls in those terrible situations where, beyond our real desires, we may be obliged to put them into effect.

Mr. Speaker, I think this is the best bill we could have brought out of the conference. The House conferees did their best to provide for the sustaining of the House position. We have a good compromise.

Mr. Speaker, I urge the adoption of the conference report by the Members.

Mr. WIDNALL. Mr. Speaker, I yield 1 minute to the gentleman from Iowa (Mr. MAYNE).

(Mr. MAYNE asked and was given permission to revise and extend his remarks.)

Mr. MAYNE. Mr. Speaker, I thank the gentleman for yielding me this time.

I rise in strong opposition to adoption of the conference report on S. 3792, the Export Administration Act Amendments.

When the Banking and Currency Committee brought its version of this bill to the House floor on August 13, 1974, I and several other farm State Congressmen pointed out the dangers inherent in any move which would make it easier to limit farm exports. The important role played by farm exports in our balance of pay-

ments and in our entire economy was discussed at length. I do not think I need reiterate to my colleagues the impressive record American agriculture has rolled up in international trade.

The House, very wisely I feel, overwhelmingly voted by 285 yeas to 131 noes to reject the committee bill and to substitute instead a simple 2-year extension of the present law.

Yet, in an extremely brief conference with the Senate, the House conferees agreed to the report before us today, which would have the House recede and concur in language containing several of the objectionable provisions which the House decided not to accept on August 13.

The word "abnormal" has again been stricken from the act. The present law declares it to be this Nation's policy to use "export controls (A) to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of abnormal foreign demand." The conference report before us today will allow the use of export controls to fight the inflationary impact of any foreign demand. This would give the Commerce Department greater latitude for embargoing exports and would signal our foreign customers that even their normal demand is not safe from export controls.

The conference report would also give the Department of Commerce new authority to charge license fees and to carry on extraordinarily broad export monitoring and supply analysis programs. Both of these new powers open the door to further tampering with agricultural exports in order to control domestic prices of farm products.

As a believer in the free movement of agricultural products in world trade, I am opposed to this conference report. After the actions taken this past weekend by the White House and the Department of Agriculture to block grain sales to Russia, I am fully convinced that there is already sufficient authority for monitoring and, if necessary, controlling the exportation of farm products.

Therefore, Mr. Speaker, I urge the Members to vote against the conference report.

Mr. PATMAN. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. REES).

Mr. REES. Mr. Speaker, the gentleman from Iowa was eloquent, but that is really not dealing with existing law. As the law reads, with this conference report language added to the Export Administration Act, I suspect the report we have before us here protects agriculture a lot more than the present law.

I would like to point to page 4 to—

Procedures for Hardship Relief From Export Controls.

As the Members know, commodities in many instances are sold on long-term contracts, and one of the problems with export controls is that someone who does have such long-term contracts and who cannot deliver because of controls need an appeal procedure. Here we have a proceeding through the Secretary of Commerce that allows a person who historically has exported such a commodity, may transmit a petition of hardship to the Secretary of Commerce, and the Secretary has to make a finding within 30 days.

I think, frankly, that this bill does more to protect the consistent exportation of agricultural products and other products than the export controls that we have now, because the Export Control Act that we have now is very arbitrary. Here at least we have flexibility where we did not have it before. And I do not think we would, under this new language find the arbitrary embargoes, for example, on soybeans that occurred under the previous act.

I think this is an excellent conference report, and I ask for its approval.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. REES. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Speaker, since it is not correct, and I do not like to see the RECORD indicate in any way that the Commerce Department has more authority now than they had last year. And I would ask the gentleman from California if this is not the historical situation: in 1966, they applied export controls to hides. After that, when this act came up for extension, the paragraph the gentleman read concerning agriculture was inserted into this law, and it has been in the law ever since.

Then when this bill came on the floor a couple of months ago the committee had, recommended striking that paragraph, but the amendment offered by the gentleman from California caused that paragraph to be reinstated into the law. So all the restrictions are back into the law, and with regard to agriculture, it is not really weaker in that regard. Is that correct?

Mr. REES. That is correct. And the fact is that we strengthened the ability to export by setting up an appeal procedure.

Mr. PATMAN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Speaker announced that the ayes appeared to have it.

Mr. BURLISON of Missouri. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 332, nays 43, not voting 59, as follows:

[Roll No. 600]

YEAS—332

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Arends
Ashley
Aspin
Badillo
Bafalis
Baker
Barrett
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blatnik
Boggs
Boland
Bolling
Bowen
Brademas
Bray
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brotzman
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill, N.C.
Broyhill, Va.
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burton, John
Burton, Phillip
Carney, Ohio
Carter
Casey, Tex.
Cederberg
Chamberlain
Chappell
Chisholm
Clancy
Clark
Clausen, Don H.
Clay
Cleveland
Cochran
Collier
Collins, Ill.
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Cronin
Daniels, Dominick V.
Danielson
Davis, Ga.
Davis, S.C.
Davis, Wis.
Delaney
Dellenback
Deliums
Denholm
Derwinski
Diggs
Dingell
Downing
Drinan
Dulski
du Pont
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fish
Fisher
Flood
Flowers
Ford
Forsythe
Fountain
Fraser
Frelinghuysen
Frenzel
Frey
Froehlich
Fulton
Fuqua
Gaydos
Gettys
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gray
Green, Oreg.
Green, Pa.
Griffiths
Grover
Gubser
Gude
Gunter
Guyer
Haley
Hamilton
Hammer-schmidt
Hanley
Hanna
Hansen, Wash.
Harrington
Hastings
Hays
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Hogan
Holifield
Holt
Holtzman
Horton
Hosmer
Howard
Hudnut
Hungate
Ichord
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Karth
Kastenmeier
Kazen
Kemp
Ketchum
King
Kluczynski
Koch
Kuykendall
Kyros
Lagomarsino
Latta
Leggett
Lehman
Lent
Litton
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCormack
McDade
McEwen
McFall
McKay
McKinney
McSpadden
Macdonald
Madden
Madigan
Mallary
Mann
Maraziti
Martin, Nebr.
Martin, N.C.
Mathis, Ga.
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Milford
Miller
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Mizell
Montgomery
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers
Natcher
Nedzi
Nichols
Nix
Obey
O'Brien
O'Hara
O'Neill
Owens
Parris
Patman
Patten
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Preyer
Price, Ill.
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reid
Reuss
Rhodes
Rinaldo
Robison, N.Y.
Rodino
Roe
Rogers
Roncallo, N.Y.
Rooney, Pa.
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roy
Roybal
Runnels
Ruppe
Ruth
Ryan
St Germain
Sandman
Sarasin
Sarbanes
Schneebeli
Schroeder
Seiberling
Shoup
Shuster
Sikes
Sisk
Slack
Smith, N.Y.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Stokes
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson, N.J.
Thornton
Tiernan
Traxler
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Waldie
Walsh
Wampler
Ware
Whalen
Whitten
Widnall
Williams
Wilson, Bob
Wilson, Charles H., Calif.
Wolff
Wyatt
Wydler
Wylie
Wyman
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Ill.
Young, Tex.
Zablocki
Zion

NAYS—43

Abdnor	Gross	Scherle
Armstrong	Harsha	Sebelius
Ashbrook	Huber	Shipley
Bauman	Hutchinson	Shriver
Burlison, Mo.	Landgrebe	Skubitz
Butler	Landrum	Smith, Iowa
Byron	McCollister	Steiger, Ariz.
Camp	Mahon	Steiger, Wis.
Crane	Mayne	Thomson, Wis.
Culver	Mezvinsky	Thone
Daniel, Dan	Mosher	Wilson, Charles, Tex.
Dennis	Poage	Winn
Eckhardt	Price, Tex.	Zwach
Flynt	Robinson, Va.	
Foley	Satterfield	

NOT VOTING—59

Beard	Hanrahan	Riegle
Blackburn	Hansen, Idaho	Roberts
Brasco	Hawkins	Roncalio, Wyo.
Burke, Fla.	Hébert	Rooney, N.Y.
Carey, N.Y.	Hunt	Snyder
Clawson, Del	Johnson, Colo.	Steele
Cohen	Jordan	Steelman
Collins, Tex.	Luken	Stephens
Conable	Mathias, Calif.	Stratton
Daniel, Robert W., Jr.	Michel	Stubblefield
	Mills	Stuckey
de la Garza	Minshall, Ohio	Symms
Dent	Moakley	Teague
Devine	Mollohan	Towell, Nev.
Dickinson	Nelsen	Veysey
Donohue	Passman	White
Dorn	Podell	Whitehurst
Duncan	Powell, Ohio	Wiggins
Findley	Pritchard	Wright
Grasso	Rarick	Young, S.C.

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Rooney of New York with Mr. Dorn.
Mr. Hébert with Mrs. Grasso.
Mr. Teague with Mr. Mills.
Mr. Passman with Mr. Rarick.
Mr. Carey of New York with Mr. Stubblefield.
Mr. Dent with Mr. Hansen of Idaho.
Mr. de la Garza with Mr. Del Clawson.
Mr. Hawkins with Mr. Cohen.
Mr. Moakley with Mr. Duncan.
Mr. Wright with Mr. Conable.
Mr. Stuckey with Mr. Beard.
Mr. Mollohan with Mr. Robert W. Daniel, Jr.
Mr. White with Mr. Devine.
Mr. Donohue with Mr. Blackburn.
Ms. Jordan with Mr. Findley.
Mr. Luken with Mr. Hanrahan.
Mr. Riegle with Mr. Collins of Texas.
Mr. Roberts with Mr. Burke of Florida.
Mr. Stephens with Mr. Dickinson.
Mr. Stratton with Mr. Hunt.
Mr. Mathias of California with Mr. Michel.
Mr. Roncalio of Wyoming with Mr. Young of South Carolina.
Mr. Veysey with Mr. Minshall of Ohio.
Mr. Wiggins with Mr. Nelsen.
Mr. Pritchard with Mr. Powell of Ohio.
Mr. Towell of Nevada with Mr. Snyder.
Mr. Whitehurst with Mr. Symms.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the subject of the conference report just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING CLERK OF THE HOUSE TO MAKE CERTAIN CORRECTIONS IN H.R. 11510

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent for the immediate consideration of the concurrent resolution (H. Con. Res. 668) relating to the correction of the conference report on H.R. 11510, which passed the House on October 9, 1974.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 668

Resolved by the House of Representatives (the Senate concurring), That the Clerk of the House of Representatives in the enrollment of the bill (H.R. 11510) to reorganize and consolidate certain functions of the Federal Government in a new Energy Research and Development Administration and in a new Nuclear Regulatory Commission in order to promote more efficient management of such functions is authorized and directed to make the following corrections:

(1) Strike out "(1)" immediately after "(a)" in section 201(a).

(2) Strike out paragraphs (2) and (3) in section 201(a).

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

AMENDING FOREIGN INVESTMENT STUDY ACT OF 1974

Mr. CULVER. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the Senate bill (S. 2840) to authorize the Secretary of Commerce and the Secretary of the Treasury to conduct a study of foreign direct and portfolio investment in the United States, and for other purposes, with Senate amendments to the House amendment thereto, and concur in the Senate amendments.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendments to the House amendment, as follows:

Page 7, line 5, of the House engrossed amendment, after "studies." insert: "Whenever an order under clause (2) of this subsection requires a person to produce information which can be specifically identified as being part of the records of its customers, the Secretary shall, upon being provided the names and addresses of such customers, send a notice to such customers that information from their records will be disclosed pursuant to this Act; *Provided*, That this requirement shall not apply when such person is directly involved in the ownership or management of assets for the customer as nominee, agent, partner, fiduciary, trustee, or in a similar relationship."

Page 7, line 23, of the House engrossed amendment, strike out "identified." and insert: identified, except for the purposes of a proceeding under section 8.

Page 8, line 12, of the House engrossed amendment, strike out "(b)," and insert: "(b) and without the prior written consent of the customer, where the person maintained or furnished any such report which included information identifiable as being derived from the records of such customer,".

Page 8, line 14, of the House engrossed amendment, strike out "Federal".

Page 9, line 11, of the House engrossed amendment, after "showing" insert: "by such Secretary of the relevance to the purposes of the Act of such rule, regulation, order, or instruction,".

Page 9, lines 13 and 14, of the House engrossed amendment, strike out "such person shall also be subject to the civil penalty provided in subsecion (a) of this section." and insert: "such person may also be subject to the civil penalty provided in subsection (a) of this section if the judge finds that such penalty is necessary to obtain compliance with such injunction or restraining order."

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

Mr. GROSS. Mr. Speaker, reserving the right to object, may I inquire of the gentleman from Iowa if the amendments to the bill adopted in conference are germane to the bill?

Mr. CULVER. Yes, they are.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

(Mr. CULVER asked and was given permission to revise and extend his remarks.)

Mr. CULVER. Mr. Speaker, yesterday the Senate accepted major House revision of the Foreign Investment Study Act. It accepted two sections which strengthened an otherwise unenforceable study bill—one section to provide the Departments of Commerce and Treasury with explicit authority to collect the pertinent data and a second section to provide the necessary powers to assure compliance. The Senate further accepted the House reduction of the time for submitting the reports to Congress from 2½ and 1½ years to 1½ and 1 year.

The Senate attached six minor and clarifying amendments to the House changes.

Mr. Speaker, the first Senate amendment provides that notification must be given to the customers of financial institutions that certain information is being provided to the Departments of Treasury and Commerce. Some of the assets being surveyed in the Foreign Investment Study will be on deposit with various financial institutions—banks, brokerage houses, real estate companies—rather than being directly in the hands of the beneficial owners. In those cases where the institution is not acting as manager of those assets—for example, a savings account as compared to a trust account—the customer must be notified by the respective departments that the information is being sought. This will in no way hinder the collection of the data, and will require a simple notification to the customer by the Departments of Commerce and Treasury.

The second amendment is to section 7(c)(2). This section assures the confidentiality of the raw data by providing that no information shall be made available in a manner whereby an individual person can be identified. The Senate amendment appropriately makes an exception to this rule for proceedings under section 8, which sets forth the en-

The PRESIDING OFFICER. The amendment will be printed and will lie on the table.

Mr. ALLEN. Mr. President, I ask unanimous consent that Mr. THURMOND be added as a cosponsor.

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

Mr. ALLEN. I wish to serve notice on the distinguished majority leader that this amendment will be offered on the first day we have this bill up.

Mr. MANSFIELD. Yes; all amendments will be available. I assume that all will be.

Mr. ALLEN. I ask unanimous consent, Mr. President, that the name of Mr. GURNEY also be added as a cosponsor.

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

Is there objection to the unanimous-consent request of the Senator from Montana?

Mr. PASTORE. Will the Senator yield to me, Mr. President?

Mr. MANSFIELD. I am awaiting a ruling from the Chair.

The PRESIDING OFFICER. Is there objection?

Mr. STEVENS. Reserving the right to object, Mr. President, may I inquire of the majority leader? He says put it off until the 13th of November. In the event that I do not hope for, that we are in session next week, would it be the majority leader's intention to take it up at that time?

Mr. MANSFIELD. No.

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

Mr. STEVENS. May I finish? Some of us will be involved in the NATO meeting, and I know the majority leader will also. I assume that means we will all have to return on the 13th, which is the second day of the meeting.

Mr. MANSFIELD. I doubt that the bill will be disposed of in 1 day, and there is a plane which will be available to get us back on the 13th, anyway.

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

Mr. BROOKE. Mr. President, reserving the right to object——

Mr. McCLELLAN. Mr. President, I move to reconsider the vote by which the motion to lay on the table the Humphrey-Javits amendment was agreed to.

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

Mr. BROOKE. Mr. President, I reserve the right to object.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. BROOKE. Is my understanding correct that the amendment which the Senator from Alabama just filed will be the pending business when we come back on the 13th?

Mr. MANSFIELD. No, that request was not made. He just put the Senate on notice that the amendment would be offered.

The PRESIDING OFFICER. There being no objection, the unanimous-consent request is agreed to, and the Senator from Arkansas is recognized.

Mr. McCLELLAN. I move to reconsider the vote by which the motion to lay on the table the Humphrey-Javits amendment was agreed to.

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

The motion to lay on the table was agreed to.

Mr. MAGNUSON. Mr. President, the majority leader suggests that when we come back we will have this as the pending business on the 13th?

The PRESIDING OFFICER. Will the Senator from Washington please use his microphone?

Mr. MAGNUSON. The Senator from Washington obviously should be here. He is chairman of the subcommittee which handled a great part of this bill. But I have a little problem. We are starting everything at 10 o'clock in the morning, or at noon, and if we are having a vote before 6, I cannot get an airplane back that fast. It takes all day.

Mr. MANSFIELD. We will come in at noon that day, and delay votes.

Mr. MAGNUSON. Have a few speeches.

Mr. MANSFIELD. We will consider some amendments, I am sure, but delay rollcall votes.

Mr. MAGNUSON. If any of them pertain to HEW, that is the one thing I am interested in. But I suggest if the so-called Holt amendment comes up, I do not think we will have a vote until November 21, or later.

Mr. MANSFIELD. I would hope that, with the usual reasonableness shown by the Senate, it will be possible to reach a reasonable time limitation agreement at that time, and at this time, Mr. President, just sticking my neck out, I ask unanimous consent that when the supplemental appropriation bill again becomes the pending business on November 13, there be a time limitation of not to exceed 1 hour on each amendment, the time to be equally divided between the sponsor of the amendment and the manager of the bill, the distinguished Senator from Arkansas (Mr. McCLELLAN).

The PRESIDING OFFICER. Is there objection?

Mr. McCLELLAN. Is that under the usual form?

Mr. MANSFIELD. And that the agreement be in the usual form.

Mr. BEALL. Mr. President, reserving the right to object, what about amendments to amendments?

Mr. MANSFIELD. A half hour, under the usual form, waiving rule 12.

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

Without objection, the unanimous-consent request is agreed to.

AMENDING THE ATOMIC ENERGY ACT—CONFERENCE REPORT

Mr. PASTORE. Mr. President, I submit a report of the committee of conference on S. 3698, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. BIDEN). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3698) to amend the Atomic Energy Act of 1954, as amended, to enable Congress to concur in or disapprove international agreements for cooperation in regard to certain nuclear technology, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

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

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

(The conference report is printed in the House proceedings of the CONGRESSIONAL RECORD of August 19, 1974, at pp. H8599–H8600.)

Mr. PASTORE. Mr. President, this is the bill that we passed back in July by a vote of 96 to 0, to tighten up the procedures for congressional review of proposed international agreements for cooperation in the field of peaceful nuclear technology. It will give us 60 days rather than 30 days to review such agreements, and will also give us a veto power over them.

The conference report is essentially the same as the bill we passed with one very minor difference. The conferees eliminated the limitation to a record vote as a means for the Senate or House to determine that a particular resolution dealing with such an agreement need not come to a vote. This was done to allow flexibility within the rules of the two bodies.

Other than that, what the conferees reported is precisely what we passed. The House has now agreed to the conference report. In light of the unanimity of the Senate on this measure when we considered it in July, I do not ask for a rollcall vote. Unless there is further discussion, I ask for the immediate adoption of the conference report.

The PRESIDING OFFICER. The question was on agreeing to the conference report.

The report was agreed to.

EXPORT ADMINISTRATION ACT AMENDMENTS—CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on S. 3792, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. BIDEN). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3792) to amend and extend the Export Administration Act of 1969, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all the conferees.

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

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

(The conference report is printed in

the House proceedings of the CONGRESSIONAL RECORD of October 2, 1974, at pp. H9819–H9822.)

Mr. SPARKMAN. Mr. President, having called up the conference report on the Export Administration Act of 1974, S. 3792—I urge its speedy approval by the Senate. Never has the need for legislation to provide for orderly export markets and contain international cartel prices for essential commodities been greater. As events of the past few days and weeks have shown, the United States remains vulnerable to massive secret grain purchases by state trading monopolies and continued extortionate price increases by foreign oil producing states. This legislation will give the President the bargaining power he needs to stand up to international economic blackmail, and it will provide an early warning system to identify shortages before they materialize and avoid disruption in the marketplace and hardship for the American producer and consumer.

In going to conference, the Senate was faced with a House bill which was nothing more than a simple extension of existing law. Nonetheless, we were successful in preserving the key provisions of the Senate bill. The conference bill thus achieves the major reforms in the Nation's export law sought by the Senate. It has been approved by the House and deserves equally favorable consideration by the Senate.

Among the major changes in U.S. export policy which the bill will accomplish are the following:

First, it authorizes the President to use export controls to secure the removal of unreasonable restrictions by other countries on access to vital commodities. This will enable the President in cooperation with other nations, to stand up to the international oil cartel which is threatening to destroy the international monetary system and is a major cause of rampant worldwide inflation. It will permit the President to stand up to other cartels—from bauxite to bananas. It will give the President power to bargain with countries which band together to extort artificially high prices for essential resources. It will give him power to respond effectively to countries which use their control over essential resources to attempt to change U.S. foreign policy. It will help stop the dangerous drift toward cartels and artificially rigged prices and help restore competition to the international marketplace.

Second, the legislation provides for an early warning system for dealing with shortages. It requires the Secretary of Commerce to establish a systematic export monitoring system. Monitoring will start when export levels of essential commodities—such as fertilizer for our farmers—cause serious adverse economic effects at home. Monitoring of export levels will be accompanied by periodic public analysis of worldwide supply, prices, and demand for commodities in short supply.

This will permit the Government to identify shortages before they materialize, and devise measures to alleviate such shortages without disruption in the marketplace or hardship to the American producer and consumer. It could prevent repetition of such disastrous transactions as the 1972 grain deal with Russia, such disruptive actions as the 1973 soybean embargo, and price fluctuations caused by excessive speculation.

Third, the bill authorizes a new tool for administering export controls—the use of export fees.

This is not new control authority; it is a tool for administering controls when and if they become necessary. When used, it will avoid the need for export quotas and permit a higher export price to allocate U.S. commodities in short supply in foreign markets. It will also provide a means of dealing with artificial price rigging by other nations. The threat of fees on exports to countries which have imposed embargoes or unreasonably increased prices on exports to the United States may be an effective bargaining tool.

Fourth, the bill establishes procedures for granting hardship relief to those at home and abroad who suffer a unique hardship as a result of export controls.

Fifth, the bill establishes speeded-up procedures for processing export license applications.

There are other provisions as well, all of which are described in the conference report. But these are the key reforms. Taken together, they provide increased flexibility in U.S. export policy, strengthen U.S. export potential, permit the United States to respond effectively to rapidly changing international economic conditions, and help assure the access of all nations to scarce resources.

I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

SENATE JOINT RESOLUTION 251—TO EXTEND THE AUTHORITY OF THE EXPORT-IMPORT BANK OF THE UNITED STATES

Mr. TOWER. Mr. President, I send to the desk a joint resolution, and ask for its immediate consideration.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The legislative clerk read as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8 of the Export-Import Bank Act of 1945 is amended by striking out "October 15, 1974" and inserting in lieu thereof "November 30, 1974". Provided however that the Bank shall not authorize any financial assistance to the Union of Soviet Socialist Republics during the life of this resolution.

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

The Senate proceeded to consider the joint resolution.

Mr. MANSFIELD. Mr. President, this resolution extends for 45 days the authority for the Eximbank to operate.

Mr. TOWER. With the specific prohibition that no financial assistance of any kind be offered to the Soviet Union during that period.

Mr. MANSFIELD. I ask unanimous consent that there be a time limitation of 11 minutes, 1 minute to the distinguished Senator from Texas (Mr. TOWER) and 10 minutes to the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) or whomever he may designate.

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

Mr. TOWER. Mr. President, I am prepared to reserve the remainder of my time, and let the Senator from Virginia proceed.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

SENATE JOINT RESOLUTION 251—EXTENSION OF AUTHORITY FOR THE EXPORT-IMPORT BANK

The Senate continued with the consideration of the joint resolution—Senate Joint Resolution 251—to extend the authority of the Export-Import Bank of the United States.

Mr. HARRY F. BYRD, JR. Mr. President, if we may have order, I can get this through quickly.

The PRESIDING OFFICER. The Senate will be in order. Senators will please take their seats and refrain from conversation, so that we can hear the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, the Export-Import Bank conference report nullifies every major Senate action restricting Bank authority, and paves the way for an immediate multi-billion dollar U.S. investment in Soviet energy development.

The Senate adopted an amendment prohibiting Exim support of Soviet fossil fuel projects without prior congressional approval—the conference committee deleted it.

The Senate adopted an amendment to put the Eximbank back in the Federal budget so its inflationary impact on the deficit will be disclosed—the conference committee deleted it.

The Senate adopted an amendment to put the Eximbank back in the Federal budget so its inflationary impact on the deficit will be disclosed—the conference committee deleted it.

The Senate required prenotification to Congress of any Eximbank credit extension to the Soviet Union over $50 million—the conference committee excluded Eximbank loan guarantees from this provision, effectively nullifying it.

The Senate put an overall ceiling of $300 million on Eximbank Soviet Union loans. The conference committee eliminated this ceiling, saying the President could set any limit he chooses.

The PRESIDING OFFICER. Will the Senator suspend until there is order in the Senate? Will the staff and the Senators please refrain from conversations so the Senator can be heard? Thank you.

The Senator from Virginia.

Mr. HARRY F. BYRD, JR. To repeat, the conference committee eliminated this ceiling of $300 million saying the President could set any limit he chooses.

Mr. President, this conference report is clearly an unsatisfactory report and one which, in my judgment, should not be adopted.