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

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

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

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

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

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

The Senator from Kentucky [Mr. COOPER] is absent on official business. If present and voting, the Senator from Colorado [Mr. DOMINICK], the Senator from Iowa [Mr. MILLER], and the Senator from Texas [Mr. TOWER] would each vote "nay."

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

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

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

[No. 324 Leg.]

YEAS—23

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

NAYS—41

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

PRESENT AND GIVING LIVE PAIRS, AS PREVIOUSLY RECORDED—2

Mansfield, for.
Smathers, for.

NOT VOTING—34

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

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

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

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

The motion to lay on the table was agreed to.

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

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

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

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

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

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

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

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

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

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

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

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

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

As the Democratic platform states:

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

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

I would suggest strongly that we not act in haste, for the matter is too important—not only to the States and

counties, but for the thousands of people whose lives will be affected.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Even though adjournment is imminent, we must find a way to block enactment of this unwise provision. It may be that we will have to postpone further action on this bill and take it up, along with the provisions which have been amended to it, according to normal Senate procedure during the 91st Congress.

But if this bill is passed this fall, I will appeal to the conferees on behalf of the people of Maryland and people in all States who so immeasurably benefit from the medical assistance program, to delete the Long amendment and thereby maintain the present level of Federal sharing in the medicaid program.

AMENDMENT NO. 1002

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

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

The amendment (No. 1002) is as follows:

At the appropriate place, insert the following:

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

"(1) claimed aid under such plan, and

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

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

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

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

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

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

"(A) July 1, 1969;

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

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

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

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

Mr. MONDALE. Yes.

The amendment, as modified, is as follows:

At the appropriate place, insert the following:

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

"(1) claimed aid under such plan, and

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

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

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

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

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

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

"(A) July 1, 1969;

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

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

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

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

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

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

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

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

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

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

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

Mr. MONDALE. I yield.

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

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

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

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

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

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

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

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

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

Very sincerely yours,

JOHN J. WACKERMAN,
Commissioner.

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

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

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

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

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

Sincerely,

DANIEL J. HOLLAND,
Executive Director.

STATE OF VERMONT,
Montpelier, September 9, 1968.

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

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

The Commissioner of Social Welfare informs me that the specific exemptions referred to above were deleted by an amendment to the Social Security Act passed in 1967 which took effect July 1, 1968. In place of the specific exemption the Congress made it permissive for the states to exempt a certain amount of earned income in all AFDC

families between July 1, 1968 and July 1, 1969.

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

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

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

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

Very truly yours,

PHILLIP H. HOFF,
Governor.

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

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

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

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

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

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

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

Sincerely,

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

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

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

MONDALE AMENDMENT

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

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

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

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

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

Mr. MONDALE. I yield.

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

Mr. MONDALE. No.

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

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

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

Mr. MONDALE. It affects nine States.

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

Mr. MONDALE. I yield.

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

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

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

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

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

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

Mr. CURTIS. The AFDC?

Mr. MONDALE. That is correct.

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

The amendment was agreed to.

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

AMENDMENT NO. 1007

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

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

The assistant legislative clerk proceeded to read the amendment.

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

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

The amendment (No. 1007) is as follows:

At the appropriate place insert a new section as follows:

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

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

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

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

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

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

The yeas and nays were ordered.

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

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

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

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

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