In 1963, he contributed $129 million worth of GM stock to the Mott Foundation and a $2.6 million to the University of Michigan Medical Center for children's hospital in Ann Arbor.

At the time of his death he still owned, or held in trust over 700,000 shares of GM stock.

Despite his willingness to part with millions of dollars for a good cause, Mr. Mott was known as a stingy savior, a man who never shut Weston-Mott and Mr. Matt traveled

Within hours of his death, Francis Limmer, mayor of Flint, declared a seven-day flag fiown at half staff in honor of Mr. Mott, who earned the title of "Mr. Flint" for his donations to the city and its schools.

In Lansing, Gov. Milliken said: "His name will be etched in Michigan history and his work will be a lasting monument to the compassion he had for others in need."

Mr. Mott was a friend of many of the pio neers of the auto world. He was one of the last survivors of the turn-of-the-century businessmen who put the nation and the

In the Spanish-American War in 1898 he was a Navy gunner's mate during the Cuban blockade. During World War I as an Army major Mr. Mott oversaw the motor production in Michigan and Indiana.

A man of immense energy, Mr. Mott drove his own car until he was in his early 90s. He once began playing tennis when he was 50 but reluctantly gave it up when he turned 75.

Mr. Mott lived in an 18-room, slate-roofed Georgian house in Flint. The house, dating 1916 in the stonework, was named "Applewood."

From his office on the fifth floor of the 16-story Mott Foundation building and from his back porch at Applewood, he could see many of the buildings that resulted from his generosity.

"Mr. Mott once said, "Some people may think it's a crazy bird who does that sort of thing," he once said, "but I get more fun out of it than anything else. It's a lot more rewarding than taking trips around the world."

A pipe smoker, Mr. Mott was a charter member of the Arrowhead Pipe Club of Michigan and Indiana.

Mr. Mott had entered the hospital Jan. 28 with a cold.

Mr. Mott was an imposing, craggy-featured man who was known for his generosity with millions of dollars and his frugality with nickels and dimes.

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If he had not, mourn­ing business is closed.

MESSAGES FROM THE HOUSE

A message from the House of Represent atives by Mr. Hackney, one of its reading clerks, announced that the House had passed a joint resolution (H.J. Res. 345) making further continuing appropriations for the fiscal year 1973, and for other purposes, in which it requested the concurrence of the Senate.

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The legislative clerk read as follows:

Strike all after the enacting clause and insert in lieu thereof the following:

That the purpose of this Act is to provide for loans to certain borrowers under the Rural Electrification Act of 1936 which shall bear interest at the rate of 2 percent per annum.

Sec. 21. Section 4 of the Rural Electrification Act of 1936 (7 U.S.C. 904), is amended by striking the second proviso and adding in lieu thereof the following: "Provided further, That all such loans shall be self-liquidating within not exceed thirty-five years, and any loans which are made for the purpose of extending or upgrading distribution lines in areas where less than three customers per mile are or will be served shall bear interest at the rate of 3 percent per annum.

The PRESIDING OFFICER. Time is under control. Who yields time?

Mr. BELLMON. I yield myself 5 minutes.

Mr. President, the amendment I propose is very brief and clear. It simply says that 2-percent REA loan funds shall be available to REA co-ops that need these funds to build lines to provide services to areas where the number of customers is 3 per mile or less.

Yesterday the distinguished Senator from Minnesota (Mr. HUMPHREY) pointed out that one purpose of this bill is to send a message to the President, and I agree with this purpose, because I feel that the REA program is vitally needed.

I feel that the 2-percent money is needed in certain circunstances.

But I am concerned about a different kind of message that this Congress, this Senate, may be sending out as we act on this bill. I am concerned that we are giving the impression to many American people that farmers are greedy, that we are trying to take advantage of the taxpayer. I am afraid that in the long run we are going to do far more damage if we pass this bill as it now stands than if we amend it so that it conforms to the original purpose of the REA Act.

I agree with the Senator from Minnesota that he is probably right in saying that the President had no direct knowledge of the action taken in ending these low interest REA loans.

I also agree with him in some of the comments he made about the OMB bureaucrats. There probably are people down there who have been trying to do damage to this program for a long time. But I hope I can get the Senator from Minnesota to see this bill as I do, and perhaps he will decide to agree to my amendment.

In the first place, we should all be reminded that this was initially intended to be a rural electrification act. It was never intended to be a suburban electrification act. Yet, the most recent figures released show that during calendar year 1972, the number of customers per mile of new line—"I am talking about line just now being constructed—averaged 14. Fourteen customers are served for each new mile of REA line that has been built.

In the State of Oklahoma, which is still basically an agricultural State, the estimated number of customers per mile of new lines in 1973 was 7.26. Mr. President, in our State the average farm is 500 acres, and you just cannot jam 7.26 500-acre farms into 1 mile. It takes almost a square mile to contain 500 acres. Therefore, the number of farmers per mile would average approximately one, except that they do tend to build their homes along the highways and in the areas that are served by rural water distribution and sewage systems.

So the problem here is that we seem to have gotten away from the original intent of the act, which was to serve agriculture and the rural areas; and we now seem to be serving largely suburban areas.

I call the attention of the act and show that there is reason for some review of the operation of this vitally important law.

I have no objection to seeing the REA co-ops serve the types of customers that are indicated when the number goes up to 14 per mile. But these are not farm customers. They are suburban people who have decided to move to the countryside to make their homes; they are commercial operations of one kind or another; they may be some kind of small industry, and while it is true that they are grouped together closely enough so that there is no reason for making low-cost loans for the simple purpose of building the lines necessary to serve them.

Initially, when REA started, it was necessary to build long lines to reach certain customers. Now we see that we see that the REA serves these types of customers, and I invite the attention of the Senator from Minnesota to the fact that the latest figures show that there are 14 customers per mile of new REA lines.

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

Mr. BELLMON. Mr. President, I yield myself 5 additional minutes.

As I say, I have no objection to seeing this kind of customer served with REA electric power. They need it, and I am glad. Most groups can certainly pay cost of money for the loans that REA has to make to provide that service.

I believe that we ought to recognize the fact that we asked for special concessions for this kind of customer, we are simply making it more and more difficult for Congress to grant low interest loans to the legitimate customer, the agricultural type of customer, who does live in more sparsely populated areas and does have to pay for it.

The Senator from Minnesota (Mr. HUMPHREY) is more experienced, to begin with, than is the Senator from Oklahoma. I have been here only a short time, but I have noticed one thing especially, and that is that Congress tends to be long-suffering, tends to be, very often, tolerant of a certain amount of inefficiency. But suddenly we become aware of the need for action, and we spring to life. Then we act almost with a vengeance.

Now we pass every environmental bill and that now they are getting fat and greedy. I believe Senators who are friends of the farmer, as I consider both the Senator from Minnesota and myself to be, should begin to face up to the responsibility of getting agriculture house in order. If we do not, the entire Congress will.

The farm act expires this year. I can sense that the resistance to renewing it. It is the most recent story in the newspapers. I will read the headlines:

Food Prices at 20-Year Record.

Another one reads:

Farm Prices Rise 7 Percent. Costliest Month in 28 Years.

In this country, farmers and rural Americans once had a bright image, but now their image is becoming tarnished. There seems to be a feeling that farmers have been feeding at the public trough for a long time and that now they are getting fat and greedy. I believe Senators who are friends of the farmer, as I consider both the Senator from Minnesota and myself to be, should begin to face up to the responsibility of getting agricultural house in order. If we do not, the entire Congress will.

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Mr. CURTIS. Mr. President, I rise in support of the amendment offered by the Senator from Oklahoma. I feel there are certain basic problems with the Rural Electrification Act and if REA is to remain a viable force, these matters need attention now. It is regrettable that such drastic action as the President has taken was necessary to bring these problems to the attention of the Congress.

In my opinion, the purpose of the Rural Electrification Act was to bring electricity to farmers and ranchers who were not being served by private power companies, and to carry out that historic purpose I support continuation of the 2-percent loan program. This means I favor 2-percent loans to build and upgrade distribution lines to farmers and ranchers and for that portion of generating equipment that is allocated for the purpose of providing electric power to farmers and ranchers.

I do not favor the subsidization of rural electric customers who are not farmers and ranchers. Of the 7 million meters on REA loans, only 1.4 million serve farms or ranches. Lines financed by REA in 1972 averaged 14 meters per mile. This does not indicate to me that a great industrial area is being extended to farflung ranches and farms.

The substitute we are now considering does not go so far in providing 2-percent funds as I would prefer, but it is a move in the right direction. I am pleased that Chairman TALMADGE asked our Subcommittee on Agricultural Credit and Rural Electrification, under the chairmanship of the Senator from South Dakota (Mr. McGovern) to make an intensive study of REA legislation and come up with some recommendations for updating the act.

I am also pleased with a letter to Chairman TALMADGE dated February 6, 1973, from Mr. Robert Partridge, executive vice president of the National Rural Electric Cooperative Association, in which he stated:

Our organization . . . by recent decision of our Board, is now intensively studying possible amendments to the Rural Electrification Act in the light of Federal budget and outlay strictures, the national economic situation, and the financial conditions of the individual rural electric systems. We shall try to have our recommendations ready whenever the Committee wishes to hear from us.

Mr. President, I believe the substitute offered by the Senator from Oklahoma (Mr. BELLMON) is the appropriate step at this time. I agree with him that if we allow the situation to go unresolved and to drift, and permit politics to be played by Congress and the Executive we may find ourselves without a REA program with the lower interest rates to serve farmers and ranchers. I believe that the proposal of the Senator from Oklahoma is sound and fair. I believe it will be acceptable to the rural people of the United States. I urge its adoption.

THE PRESIDENT. Who yields time?

Mr. HUMPHREY. Mr. President, am I correct that there is 15 minutes on this amendment for me?

The PRESIDING OFFICER. The Senator is correct.

Mr. HUMPHREY. Mr. President, this is a rather difficult assignment for me to make. I have my esteemed and good friend from Oklahoma (Mr. BELLMON), but I rise in opposition to this amendment because I frankly believe it would add nothing constructive to the present bill. On the contrary, it might well serve to confuse the issue and thereby frustrate the purpose that the Committee on Agriculture and Forestry had in mind when it reported S. 394.

For example, the amendment of the Senator from Oklahoma would not compel the Administrator of the Rural Electrification Administration to reimpose and carry out a 2-percent loan program. In fact, it would not compel the Administrator to do anything. Thus, it would completely negate the purpose of S. 394—to require the Administrator of the Rural Electrification Administration to honor the law and carry out an REA direct loan program in the full amount appropriated by Congress.

Mr. President, the amendment offered by my friend from Oklahoma would only permit the Administrator of the REA to make 2-percent loans for the purpose of extending or upgrading lines in areas where less than three customers per mile are or will be served.

It would, therefore, be an exercise in futility for Congress to pass a law giving the Rural Electrification Administration such permissive authority and which would grant authority to the Secretary of Agriculture which he already has terminated. It would be futile because at present there is no REA 2-percent loan program. It is as dead as McNamara’s goat. There would still be no REA 2-percent loan program if we modify the eligibility requirements for 2-percent loans, because the issue before the Senate is whether there is going to be a 2-percent loan program, whether it is three to a mile, four to a mile, or even serves a little gun.

The amendment of the Senator from Oklahoma would modify what is called the criteria. There is great flexibility under the present program. The Administrator, as I pointed out yesterday in the debate, can lay down rules and regulations for what we call the mix of 2-percent loans and loans for supplemental financing at higher rates of interest.

By the way, the Senator’s amendment still leaves the rural telephone bank inactive. The rural telephone bank requires a mix of 2-percent money and 4-percent money. Rural Electrification Administration has also all but abolished that program as well. For us to stand here in this body and to amend the program, without actually requiring that it be reestablished will accomplish nothing.

Moreover, I am opposed to making these loan guarantees by the floor of the Senate. The committee has not had an opportunity to really examine the substantive impact of this amendment on the program itself.

We have not talked to REA users. We have not talked to legal counsel. We have not had a chance from the committee to examine the full ramifications of the amendment. We do not know how rural electric and rural telephone borrowers would be affected by this amendment.

We have a disagreement on that. The National Rural Electric CoopERA—

The PRESIDENT. Mr. President, the Senator from Oklahoma says it is 14. However, I must point out that meters do not necessarily relate to number of farmers or customers per mile.

I live 38 miles out of Minneapolis. I have one of the smallest in our 29 acres. One man pays the bill. So there are four meters, but one customer. So we need to get a lot more information on this question than we now have.

The American farmer has no greater friend than the senior Senator from Oklahoma. He knows I am sincere. He and I have worked hand in hand on programs that would benefit rural America. He is a copresenter of the pending bill.

I would hope he would permit the proposal he has to go back to committee. I think both sides need to examine all these materials need to be examined, because that is why we have the Subcommittee on Rural Credit and REA, which is headed by the Senator from South Dakota (Mr. McGovern), who has indicated that hearings will soon be held on all these questions. I believe that is what the Senator from Oklahoma should be doing.

Finally, I have just been looking at the REA Act again. Listen to this language. This is the law we are trying to resolve.

The Administrator is authorized and empowered—

The bill before us changes the word “empowered” to the word “directed”— to make loans in the several States and Territories of the United States for rural electrification and the furnishing of electrical energy to persons in rural areas who are not receiving central service stations and for the purpose of furnishing and improving telephone service in rural areas . . .

and so forth.

Rural areas includes what? I can speak with knowledge on what we mean by such a thing. My town is Waverly, Minn., with a population of 600. The next town is Howard Lake, Minn., population 900. That is a rural area.

Then the next town is Waconia, population 1,100. That is a rural area. Then there is a town called Watertown, Minn., population 800. That is a rural area. Some of these areas are one served by Northern States Power. Frankly, I buy my power from Northern States Power. That is the line that serves my purpose. REA does not come down that far. The REA line serves farmers to the north of me and to the west, and serves rural areas. It even serves a little gun club over there. I hope that will not upset anybody. We have a few people who belong to a little gun club over there, where we go to meet shooting gallery, and we have to turn on the lights and have a little electricity from an REA line. Northern States Power is not ready to put that line in there to give a few people a little light to do some shooting. We go there and turn on the lights and have a little discussion about who the best shot is.

February 21, 1973}

CONGRESSIONAL RECORD — SENATE

4901
We are talking about the best program this country has ever had—REA. Why tinker with it? When did the Secretary of Agriculture get a revelation which on high that REA ought to stop? When did they discover that 2-percent loans are the worst thing that ever happened? As a matter of fact, Mr. President, 2-percent money is still needed for the rebuilding of many lines of modernization needed for modernization. The REA program, even with a certain amount of continued subsidization will result in bringing more money into the Federal Treasury than anything the Secretary of Agriculture or any other Secretary of Agriculture, because it reduces the cost of production. That is one way to reduce food prices. I hope we do not decide that we are going to have to jack interest rates up to a high level just because of somebody’s ideology. Few people object to this program. Now they say we have to have some restrictions.

I simply say the administrator of this program has the power under existing law to make the mix between 2-percent money and higher interest rates.

The other argument is, Are you going to have any program at all? The other argument is, Is the credit under the Rural Development Act program going to supplant REA? That is the big issue.

The Secretary has stated that it can be gotten under the Rural Development Act. No rules or regulations have yet been promulgated under the Rural Development Act. The Department of Agriculture is not prepared as yet to provide any loans under that act. No such loans are being made under the new program. The Rural Development Act was not designed to provide credit as a substitute for credit under the REA Act, Rural Development Act credit is to be made available as a supplement, not as a replacement of REA credit.

The point that I tried to emphasize yesterday was that even the General Counsel of the Department of Agriculture, in his opinion to the Administrator of REA, seriously questioned the legality of trying to use new development loans or guarantees for rural electrification.

I just conclude by saying that we provide credit and money all over the world at 1 percent and 2 percent in grants and loans, and I think if we are going to do any more of that, we had better start taking a look at what we are doing at home.

I really appeal to my good friend from Oklahoma, because I want his amendment to be considered in committee. I really believe, and I take this most respectfully, that we have the votes to defeat this amendment. I would prefer to have it considered by the committee. I wish I could privately, try to convince him, to withdraw his amendment.

I would like the Senator, now that he has taken the amendment to committee. He knows he will get an early hearing. He knows I like to bend over and give him the benefit of the doubt, even when I think he is wrong. I like the Senator from Oklahoma. We recognize that he has made a valiant effort and has brought us some valuable information, but I wish he would withdraw the amendment and submit it to the committee. It is only a few months before we will have to close the whole program because we are going to run out of funds in June. The Committee on Agriculture and Forestry and the Appropriations Committee will have to look at the whole program very soon.

Mr. BELLMON, Mr. President, how much money is available?

The PRESIDING OFFICER. The Senator has 2 minutes remaining.

Mr. BELLMON. Mr. President, let me begin by expressing my deep appreciation to my friend, the Senator from Minnesota, for his great sincerity when he gives me the fatherly advice that we should not have a vote on this amendment. I realize there are other issues involved than just what we are going to do with 2-percent money. At any rate, let me say that some of the points the Senator raised need to be clarified, slightly. One is the statement that the average was four customers per mile. That is right, but in recent years the new connections are averaging 14 per mile. That character of the program has changed.

Mr. HUMPHREY. Mr. President, did the Senator refer to customers or meters? That has been a problem. I am not sure whether he is referring to customers or electricians.

Mr. BELLMON. I cannot say in this case. However, my experience with the REA has been that not many people pay for two meters if they can get away from it. There is a minimum on meters. And if a farmer can have just one meter, that is what he pays for. It is ridiculous as to whether it is meters or customers. There may be occasions when a farmer would have more than one meter. However, that is not normally the case.

The character of the program has changed. The national average is 3.9 per mile. However, there were 14 per mile of new line constructed in 1972. The need for 2-percent money is not as great as it was when it served the agricultural type customers.

I would say that the question has been: What is a rural area? It is indefinite. We included, I believe, 50,000 as being rural in a bill last year, and I agree with that. But that was not the intention here. If we do not take steps to limit this act to its original intention, we may wind up losing the whole thing, and that is where we differ.

It is one of the finest acts ever passed by Congress. And I hope it will not be changed.

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

Mr. HUMPHREY. Mr. President, I yield 1 additional minute to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 1 additional minute.

Mr. BELLMON, Mr. President, I would like to point out that the REA is now in the process of closing loans to three locations. One is the Colorado Co-op, and the other two are telephone companies.

The new program is in operation. And 5-percent money is available. Some of these loans will be closed very quickly—some of them perhaps even tomorrow.

But this is not the time or the place to consider this amendment. We made it clear yesterday that, upon the restoration of the REA 2-percent loan program mandated by Congress, my Subcommittee on Agricultural Credit and Rural Electrification must begin exhaustive hearings on this matter.

The spur of the moment is not the proper time to consider a substantive amendment to an act which has served this country well for 38 years. Such an amendment requires careful study.

The gentleman from Idaho (Mr. McClure) said yesterday that there have been abuses of the rural electric loan program. He does not cite specific abuses, but the strongest backers of the program concede that there may have been, in a tiny fraction of the program, a very few abuses.

But I submit, Mr. President, that what abuses may have occurred in the past are insignificant compared to what may occur if this amendment is adopted hastily.

To make 2-percent money available to every cooperative with a density of less than three consumers per mile of line would be ideal for my State. Every one of the 32 distribution cooperatives in South Dakota has a density of less than three customers per mile.

It would be good for my State, but it may not be good for other States.

There may well be instances in the Senator’s home State of Oklahoma in which a cooperative may serve fewer than three customers per mile, but many of those customers may be oil pumping wells with near 100 percent load factor and very little cost of service to the cooperative.

South Dakota’s cooperative has only one customer per mile, but one of those customers is an aluminum plant with a quarter of a million dollars in annual electric bills, the Congress may not wish to provide that cooperative 2-percent money.

I wonder if the Senator from Oklahoma can tell us how many cooperatives in the United States would qualify for 2-percent money under his amendment. I wonder further if he could tell us how many of those cooperatives are financially sound enough to pay higher rates of interest without raising retail rates to the consumer.

And I wonder how this provision would affect generation and transmission cooperatives. There is no specific mention of them in the amendment, and in many instances, in Oklahoma, South Dakota, and other States, the G & T’s need 2-percent money every bit as badly as do the distribution cooperatives.

What I am saying, Mr. President, is that there is merit in the amendment, but it needs to be examined in much more detail than is possible on the floor today.
I urge the defeat of the amendment.

Mr. HUMPHREY. Mr. President, I yield the balance of my time.

Mr. BELLMON. Mr. President, I ask for recognition.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma. 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 Indiana (Mr. BAYH), the Senator from California (Mr. CRANTON), the Senator from Indiana (Mr. HARTKE), the Senator from Iowa (Mr. HUMES), and the Senator from Washington (Mr. MAGNUSON) are necessarily absent.

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

I also announce that the Senator from Mississippi (Mr. STENNIS) is absent because of illness.

I further announce that, if present and voting, the Senator from Washington (Mr. MAGNUSON), the Senator from Alaska (Mr. GRAVEL), and the Senator from Indiana (Mr. BAYH) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from New York (Mr. JAVITS) are necessarily absent.

The Senator from Texas (Mr. TOWER) is detained on official business.

The Senator from Tennessee (Mr. BAKER) is absent on official business.

If present and voting, the Senator from New York (Mr. JAVITS) would vote "nay."

The result was announced—yea 29, nay 60, as follows:

[No. 21 Leg.]

YEAS—29

Bartlett Cotton
Beall Curtis
Bellmon Domenici
Bennett Domek
Brock Fannin
Byrko Ford
Byrd Griffin
Harry P., Jr. Gurney
Case Hatfield
Cook Helms

NAYS—60

Abourezk Hathaway
Allen Hathaway
Benten Huddleston
Bible Humphrey
Biden Insole
Brooke Jackson
Burdick Johnston
Byrd, Herbert C. Kennedy
Cannon Long
Chiles Mansfield
Church McNary
Clark McGee
Dole McGovern
Eagleton McIntyre
Eastland Moultrie
Ervin Mondale
Pulbright Montgomery
Hart Musgrave
Haskell Muskie

NOT VOTING—11

Baker Gravel
Bayh Hartke
Cranston Hovis
Goldwater Javits

So Mr. BELLMON's amendment was rejected.

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

Mr. JACKSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MONDALE. Mr. President, as a cosponsor of S. 394, I would like to urge its prompt approval by the Senate. This measure, introduced by Senator HUMPHREY, is designed to restore the Federal rural electric and telephone direct loan programs.

On December 29, 1972, the Department of Agriculture announced that it was abandoning the REA low-interest direct loan programs. It was announced that the administration was substituting a program of 5-percent interest insured or guaranteed loans. This action, taken without prior warning to the Congress or affected borrowers, effectively nullifies the provisions of the Rural Electrification Act of 1936.

The administration moved far beyond any reasonable interpretation of congressional intent. The 1972 act in no way authorizes, permits, or even alludes to a shift away from direct loans. The administration is rejecting the right of Congress to make such a decision.

So Mr. BELLMON'S amendment was rejected.

The necessary background requires an analysis of that reply prepared in response to my letter following the reply of the Department of Agriculture. Dr. William J. Gifford, the Assistant Secretary for Management and Budget, and the Agriculture Secretary Butz, urged that the decision to cancel the REA loan program be rescinded immediately. In that message I pointed out the serious constitutional questions raised by the program's termination, the lack of notice and opportunity for comment, and the strong doubts concerning the adequacy of the 5-percent interest insured or guaranteed loan program.

I received a reply from the White House under the signature of Mr. William L. Gifford on January 12, 1973. I ask unanimous consent that the full text of this letter be printed in the Record following my remarks.

In meeting these weights, Mr. President, I trust that an analysis of that reply prepared for me by the National Rural Electric Cooperative Association be printed for my colleagues in the Senate to read.

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

Mr. MONDALE. Mr. President, in his letter Mr. Gifford attempts to justify the cancellation of the REA direct loan program, stating:

Reform of these REA loan programs will achieve multiple objectives. It permits or even alludes to a shift away from direct Federal loans, thereby providing an opportunity to private lenders to finance the credit needs of REA borrowers through the use of Federal guarantees.

HAD the Congress wished to create a program to assist private lenders, I submit that such a law would have been passed. However, the Congress—in the case of the Rural Electrification Act—was seeking to provide opportunities for rural communities to finance essential electric and telephone service.

One-third of the population of the United States live in nonmetropolitan counties. One family out of every three in these counties live in poverty level homes. They pay on average, $9.3 billion annually in interest charges. If they could have access to subsidized loans, the potential total annual savings would be $442 million next year and every year in added income is even lower.

According to figures supplied by the National Rural Electric Cooperative Association, consumers on the lines of the nonprofit rural electric systems would have to pay to commercial lenders $18.5 million per year, and every year in added costs under the administration's 5-percent formula.

Mr. Gifford also writes:

Increased lending under these programs is designed to facilitate more rapid growth in the new Guaranteed loan program. The National Rural Utilities Cooperative Finance Corporation, the Rural Telephone Bank, and other private lenders.

But again, as NRECA points out—

The National Rural Utilities Cooperative Finance Corporation was the creation of the rural electric cooperative movement to provide supplementary non-government financing on an orderly and expanded basis. The Administration's unexpected termination of the REA direct loan program pulls the rug out from under C.F.C.'s concurrent loan program with the REA and raises a host of legal problems in connection with the substitution of guaranteed loans under the Rural Development Act.

In sparsely populated rural areas, the loss of 2-percent direct loans under the REA program jeopardizes vital electric and telephone service. Where population densities are lowest, struggling cooperatives may be unable to survive under the new Guaranteed loan program.

Communities in Minnesota and many other States are dependent upon these cooperatives for essential service to their residents and businesses. At stake is their immediate economic well-being and the prospects for future growth and development.

But regardless of the problem created by the administration's termination of this particular program, a much deeper and more fundamental issue is involved. If the executive branch can unilaterally cast aside the Rural Electrification Act, then which of our laws is secure?

In recent weeks, we have seen impoundments of fiscal 1973 appropriations for rural programs mount to nearly $1.5 billion. Not only the Rural Electrification Act, but also the Water Bank Act, the rural environmental assistance program, rural water, community waste disposal, subsidized housing and emergency disaster loans—all of these laws and programs have been abandoned by the executive branch without the consent of Congress.

These actions pose a grave threat to the integrity of our laws and to the system of checks and balances against the abuse of power as provided in the Constitution.

By passing S. 394, the Congress can respond firmly to the usurpation of power rightfully vested in the Senate.
and House of Representatives. This measure requires that the provisions of the Rural Electrification Act be carried out. It reaffirms the clearly expressed intent of the Congress that insured or guaranteed loan authority under the Rural Development Act may be utilized as a supplement—but not a replacement—for the REA 2 percent direct loan programs.

Mr. President, I urge my colleagues in the Senate to swiftly approve this important measure.

**Exhibit 1**

**The White House, Washington, D.C., January 12, 1973.**

Hon. Walter F. Mondale, U.S. Senate, Washington, D.C.

December 28, 1972: This is in reply to your recent telegram concerning 1973 funding for direct Government loans at 2 percent interest to rural electric enterprises.

On December 28, 1972, the Department of Agriculture announced that the REA electric and telephone 2 percent direct loan programs are being converted to insured and guaranteed loan programs to be effective January 1, 1973. This action was made possible by the enactment of the Rural Development Act of 1972 which provided very broad authorities to the Secretary of Agriculture to make it possible to convert insured loans to any type of community development programs.

These programs are among those selected for consideration for termination, reduction, or reform as part of the continuing review of Federal programs to identify those that are no longer needed, are relatively ineffective, or are unnecessary as direct Federal activities because their objectives can be well served by private or State/local action. This review was intensified as part of the effort to hold 1973 Federal budget outlays to $250 billion and keep the outstanding public debt within the statutory limit of $465 billion through June 30, 1973.

Reform of these REA loan programs will achieve multiple objectives: It will free capital from direct Federal loans, thereby providing an opportunity to private lenders to finance the credit needs of REA borrowers through the use of Federal guarantees. It substitutes interest rates more attuned to today's lending rates for the outdated 2 percent rate which was established in the mid 1930's when the corresponding Treasury borrowing rate was less than 2 percent. This became possible by the Administration's 5 percent rate under the Rural Development Act which goes to the "private lenders," based on the announced $618 million program. If that loan level and Interest rate should be maintained, then rural users of electric service would be confronted with additional interest added to their electric bills each year so that ten years from now the additional levy for the benefit of Wall Street amounts to more than $185 million per year.

Page 1, paragraph 5: "It substitutes interest rates more attuned to today's lending rates—that the Office of Management and Budget chooses to overlook—the REA loan program and the 2 percent Interest rate on those loans was determined by the Congress and has been maintained by the Congress on the basis of careful and detailed annual review of the program and its capital needs. Neither the Administration nor the Office of Management and Budget has the prerogative of setting aside those laws and programs it chooses not to administer. Under the historic balance of powers established in the Constitution, the proper course of action would be for the President to recommend to the Congress "interest rates more attuned to today's lending rates."

Page 2, paragraph 7: "Since insured and guaranteed loans will not have a substantial impact on the budget and on the public debt, it will be possible to provide increased loan resources for REA borrowers through the use of Federal guarantees. The chief difference is that the benefit goes directly to the rural consumer instead of to Wall Street lenders."

Page 2, paragraph 7: "The differences between 5 percent interest charged to the nonprofit electric systems and the 2 percent which have to come out of the U.S. Treasury, and it will be every bit as great as the difference between the 3 percent interest rate on direct Federal loans and the 5 percent Treasury. If there is a subsidy involved in Interest rate differentials, this is now a subsidy for Wall Street instead of for rural people."
The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McClure's amendment (No. 17) is as follows:

On page 2, line 20, after "3", insert "(a)."

Between lines 3 and 4, insert "(b)" as follows:

"(b) Section 4 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 904), is amended by inserting at the end of the following: 'Notwithstanding any other provision of this Act, all loans made under this section shall be made as follows:"

1. A qualified borrower shall be entitled to a direct loan on the total amount of the approved loan at a rate of 2 per centum per annum if, on the basis of the time interest earned ratio and the debt service coverage prescribed in REA Bulletin 20-14 (as in effect in July 1972), the time interest earned ratio of such borrower is 1.5 or above, and the debt service coverage of such borrower is less than 1.25.

2. A qualified borrower, if the time interest earned ratio of such borrower is 1.5 and above and the debt service coverage is 1.25 and above, shall be entitled to loans in the following amounts, based on the plant revenue ratio as defined in REA Bulletin 20-14: (a) a direct loan at a rate of 2 per centum per annum for one-fourth of the amount of the approved loan and an insured loan at a rate of 5 per centum per annum for one-fourth of the amount of the approved loan, when the plant revenue ratio is 9.01 and above;

(b) a direct loan at a rate of 2 per centum per annum for one-fourth of the amount of the approved loan and an insured loan at a rate of 5 per centum per annum for one-fourth of the amount of the approved loan, when the plant revenue ratio is 8.01 to 9;

(c) an insured loan at a rate of 5 per centum per annum for the total amount of the approved loan, when the plant revenue ratio is 8 and below.'"

Mr. MclCLure. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. McClure. Mr. President, I shall be brief. I yield myself such time as I think necessary to explain further, but, just as the Senator from Idaho, by the amendment just defeated, was seeking a means by which we can guarantee to the people of this country the extension and not the end of an REA loan program, so my amendment seeks a different means but, in a different way. It seeks to find a formula by which we can guarantee that the Federal taxpayers' money in the 2-percent loan fund is used only where it is necessary to meet the needs of the Rural Electrification cooperatives in the kind of financing, and to provide a flexible formula for the blending of the 2-percent loan and the 5-percent loan funds up to the point where the REA is sufficiently strong financially to be able to pay the market interest rate.

I urge the support of the amendment of the REA loan program as we know there has been, it has been in the area where we have granted loans that were not justified by the necessity and need of the REA. There are some REA's and some 6 percent of them, about 88 in the United States, that desperately need this assistance, and it should be made available to them. We should not ask the taxpayers to pay the bill to give all those who are in those groups that do not need the assistance and all those that fit between the two extremes that have the degree of need which is less than the 6 and the 5. The necessity contained in my amendment seeks to measure and to guarantee. The purpose of the amendment is to guarantee that they will not be deprived of the funds while Congress and the administration debate the question of constitutional ju­risdiction of the REA cooperatives that have an interest rate contained in my amendment seeks to measure and to guarantee. The purpose of the amendment is to guarantee that they will not be deprived of the funds while Congress and the administration debate the question of constitutional jurisdiction of the REA cooperatives that have an interest rate.

My amendment is offered based on two assumptions. One, that it will meet the desire for necessary budget expenditures, thereby guaranteeing executive support. Two, that the 5-percent insured loans will be made available to those, the administration will indeed act at the time they are required.

If either of the two assumptions is proved incorrect, then Congress will have, in my opinion, no choice but to engage in a necessarily protracted debate with the administration, with the rural electric cooperatives being hurt in the meantime.

For that reason, I urge support for this amendment so that we can meet both the need to fight inflation and the need to fight inflation and the need to strengthen rural America.

Mr. HANSEN. Mr. President, will the Senator from Idaho yield?

Mr. McClure. I yield.

Mr. HANSEN. I thank my distin­guished colleague from Idaho. I am pleased to have his support to my amendment. I think it should be supported by everyone in this Chamber that if we are really concerned for what this bill strives to do for the REA cooperatives, there is every reason to support the amendment of the Junior Senator from Idaho (Mr. McClure).

I say that because his amendment provides that for those REA cooperatives able to demonstrate an inability to pay 5 percent and remain in business, they will be assured that 5-percent money will be made available to them, as it has been for 30-some odd years.

It was back in the early 1930's when the 2-percent interest rate on REA loans became effective. At that time, the prime rate was about 1.9 percent. There has been no change over the period of more than three decades in the interest rate.

With the size of the imbalance in the budget, with the enormous demands placed on the taxpayer's dollar for many programs throughout America, there is no longer any valid reason to think that this interest rate should continue for REA cooperatives. It is an ability to pay 5 percent. That is still a great rate, and it is a far lower rate than is available in the common market for any
ordinary kind of business. It does face up to the problem that is so much not only of the United States but also on the minds of countless millions of American taxpayers who know perfectly well what uncontrolled inflation means.

If we are going to get a "handle" on our problems and to exercise some discernment on priorities that the public now demands, I think there is every reason to support the amendment offered by the distinguished Senator from Idaho.

Senator was a considerable set of years ago, in my State, and I believe it is true in other States, there was a considerable battle going on between the REA's and the public utility companies, the so-called private investment companies.

It was a distressing thing to me because there was the fact that areas which the private investment companies had not been willing to serve before, because of a low-population ratio, was being filled with people, at which point they wanted to get in, and that was an area where the REA's had served before.

In order to try to bring this thing to a head. I had the audacity—I suppose one would say—to introduce a bill which would have abolished all 2 percent interest money. The REA's, predictably, ganged up and opposed the amendment. I sent the bill to the State meeting and reported on the bill, pointing out to them that the American people were providing 2 percent money out of their tax money, for which the Government was borrowing at a rate of more than 6 percent, and a private citizen could not get a loan for less than 8 percent; that over a period of years there was little or no doubt in my mind that the 2-percent money was eventually going to be killed off.

I recommended to them at that time that they start looking into the methods of setting up a bank such as the Farmers Loan Bank and that they start doing other things of this nature to find alternative sources of funding for the REA, as opposed to just the 2-percent money. To my surprise, I found that the 50 percent of the REA's who were present at this meeting were in agreement with me.

Recently, following the proposed cutbacks in the loan funds, I had a meeting with my own State REA people. I reported again that we were going to have problems with the 2-percent money, and I pointed out to them what I hope other States have done—I do not know how many have done so. In our State we have created, under our public utilities commission, franchise areas. The Senator is doing is using a formula which has worked quite adequately between CFC and REA, and using it in terms of 2 percent and 5 percent money.

Mr. McClure. That is correct. It was a formula worked out between REA and CFC, and it has the support of the Rural Electric Cooperatives.

Mr. DOMINICK. I think that is important, and I think it ought to be emphasized—namely, the formula has the support of the REA cooperatives.

It is a formula which is not new. It is a formula which has been used before. It is a formula which does take into account the debt that the funds which people are paying into this Government day by day and month by month.

It seems to me perfect nonsense for us to be putting up a debt limit and then raising it every year, and sometimes twice a year—and it then does not become a debt limit; and in order to finance that debt, we go out and borrow from our own taxpayers at a rate which is far higher than that at which we are giving them money away. It does not seem to me that it is our business to do any longer, particular when we do not absolutely need to do so.

I am happy to support this amendment.

Mr. HUMPHREY. Mr. President, I yield to the senior Senator from Minnesota.

Mr. MONDALE. Mr. President, I asked for a minute or two of my distinguished colleague's time to join, in the strongest possible terms, in support of the Humphrey measure.

I do not know of any program in our State that enjoys a broader or a deeper bipartisan support than our Rural Electrification Program. As a result of it, Minnesota was privileged—as most States have been—to have modern, low-
cost electrical service into areas which were not served before. The need for our rural electrification assistance 2 percent loan program is just as important today as it was the day the program was created. With increased demand for electricity, the increased demand for modernization of electrical service is just as compelling and as necessary in rural America as it was 30 years ago.

If the program is damaged, if the 2 percent money is largely denied or eliminated, it means that the areas that need it the most—virtually all the rural areas of Minnesota and most States—will not be served in the way they must be served if family farming and rural America are to have a chance to survive and to prosper.

This is a modest program. It is a small program. It does not bulk large in the budget at all. If rural electrification as we have known it is destroyed, I think that, more than anything else, Congress or the Executive can do, it will be an eloquent, unquestioned statement by the American Government that we have decided, finally and officially, to turn our back on rural America. I will not stand for it. I intend to do all I can to support the Humphrey measure.

The second point is that the manner in which it was done raises the profoundest constitutional issue. If the President of the United States possesses power which permits him to deal with congressional enactments as though they were simply advisory in character, then the President of the United States possesses power which, in my opinion, is tantamount to a mini system of government, not a representative system of government, as I have thought, and as I think a plain and clear reading of the Constitution suggests.

The PRESIDING OFFICER. The time of the next speaker is now past.

Mr. HUMPHREY. I yield 1 additional minute to the Senator.

Mr. HUMPHREY. The PRESIDING OFFICER. The Senator from Idaho (Mr. MCCLURE). This amendment would first withdraw eligibility for supplemental financing a matter of statutory requirement instead of administrative requirement, thereby removing any flexibility the Administrator now has with respect to establishing such requirements.

It should be noted here that the present law permits the Administrator of Rural Electrification to provide for what we call the mix between 2-percent money and supplemental financing. That is being done here in the present regulations. Those regulations require extensive hearings. We should avoid that.

We would put into statutory law a mix as opposed to a present level of 80 percent, and those with a PRR of 8 or below would not be eligible for any 2 percent loan money at all. Applying that rule to this class of borrowers would mean that 54 percent of all present REA borrowers would be denied access to any 2 percent money. No private utility can operate with any 4 or 5 customers per mile.

In my opinion, the resolution of this matter of statutory requirement instead of administrative requirement is of the utmost importance, and I think it is a matter of considerable urgency. I am sure we will be able to work this out in the Senate.
The PRESIDING OFFICER. The Senator from Idaho has great merit in the amendment suggested by the Senator from Idaho. It does not address itself to that problem at all.

Mr. CURTIS. Mr. President, how much time do I have left?

Mr. CURTIS. Mr. President, I beg the Chair’s pardon. Was the request for the vote on the amendment?

Mr. CURTIS. Mr. President, I call the roll. The yeas and nays have been ordered, and the Clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CURTIS. Mr. President, I announce that the Senator from Indiana (Mr. BAYH), the Senator from California (Mr. CRANSTON), the Senator from Indiana (Mr. HARTKE), the Senator from Iowa (Mr. HUGHES), the Senator from Washington (Mr. MAGNUSON), the Senator from Wyoming (Mr. McGEE), and the Senator from Louisiana (Mr. LONG) are necessarily absent.

Mr. CURTIS. Mr. President, I announce that the Senator from Alaska (Mr. GRAVEL) is absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS) is absent because of illness.

I further announce that, if present and voting, the Senator from New York (Mr. JAVITS) is necessarily absent.

The Senator from Texas (Mr. TOWER) is absent on official business.

The Senator from Tennessee (Mr. BAKER) is determined on official business.

If present and voting, the Senator from New York (Mr. JAVITS) would vote “nay.”

Mr. CURTIS. Mr. President, I announce that the Senator from Arizona (Mr. GOLDBLATT) and from South Carolina (Mr. GRAVEL) are necessarily absent.

The Senator from Texas (Mr. TOWER) is absent on official business.

The Senator from Tennessee (Mr. BAKER) is detained on official business.

If present and voting, the Senator from New York (Mr. JAVITS) would vote “nay.”

The result was announced—yeas 24, nays 63, as follows:

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

Mr. CURTIS. Mr. President, I move 15 minutes to the distinguished Senator from North Carolina (Mr. HELMS).

Mr. HELMS. Mr. President, the question before the Senate today is not one of who favors rural electrification. We all do, and certainly the junior Senator from North Carolina does.

The real question, and a great many taxpayers are wondering it, is whether the Congress can really justify, in this time of great economic crisis, 2-percent Federal loans to cooperatives at a time when the Federal Government is paying three times that much on the money it will have to borrow in order to turn around and lend it to the cooperatives.

Much has been said about the national need for rural electrification. So that the record may be clear, Mr. President, let me reiterate—as emphatically as I can—that I favor taking electricity to every farm that yet needs it. At the same time, Mr. President, I feel that we should be realistic, and not be misled about the situation as it exists today. In 1936, only 10 percent of U.S. farms had the benefit of electricity; today 98 percent of the United States is electrified. This is a job well done, in which all Americans can take pride. The face of America has been changed; there is no doubt about the record. But the same record also shows that the job has been completed, for all practical purposes.

We are living in changing times, and REA has become part of those changing times. As recently as 1950, 80 percent of all electric connections made by REA-financed co-ops were for farms. By the end of 1971, only about 19 percent of all electrical connections were for farms. Nonfarm connections accounted for 71.6 percent—close to three-quarters of REA-financed co-op customers. Commercial and industrial connections accounted for 6.6 percent of the customers. Irrigation took 1.3 percent of the connections, and other uses, such as churches, schools, and so forth accounted for the other 1.4 percent.

The pattern which is emerging is clear: Rural America is becoming suburban America. It is true that many co-ops still serve communities overwhelmingly devoted to farming. But more and more the need for expansion is generated by the outreach of suburbia, and the flight of urbanites from the crime-ridden cities.
into the relative peace of rural America. Nobody likes to pay more money for anything, particularly when they have been getting a free ride. However, I think that suburbanites are proud enough to pay their own way.

Now there has been much talk emphasizing that the REA Act was for rural electrification, and was not intended only to service farms. The implication is that the burgeoning record of new suburban customers of rural electric cooperatives is perfectly justified. This interpretation simply does not fit with the original intent of Congress in passing the act.

If anyone takes the trouble to look up the original Senate report of February 17, 1936, the intention of the lawmakers was spread upon the record. I quote:

"Experience shows that nothing can be more difficult to the farmer and that nothing will add more to the comfort, satisfaction, and happiness of the rural population than the electrification of farm homes. As a result, the farmer will become, and undoubtedly will become, a much better consumer of electricity than the dweller in the city. The farmer is the consumer of all the electrical appliances which can be used by the city dweller, but, in addition thereto, he has many uses for electric power which the city dweller does not think of. These special uses constitute one of the chief reasons why electrification on the farm brings more satisfaction than the electrification of the city home.

Mr. President, the financial picture of the United States has changed somewhat since the depression years of the thirties. There is no longer much 2-percent money going around. There is no need to continue a subsidy long after the need for a subsidy has passed, and certainly where a subsidy was intended in the first place. Nor can it be said that money will be unavailable for electrification purposes. The effect of the present annual $240 million subsidy was actually to make less credit available from Federal sources, because of the crisis of the budget situation. By channeling Federal funds through the Rural Development Act, the administration has actually expanded the amount of credit available to rural electric cooperatives. RDA provides for insuring and guaranteeing loans, financed by private lenders, thereby enlarging the credit pool. Total Federal loans for electric and telephone co-ops will be $200 million larger than earlier planned by the President for both 1973 and 1974. The loans will total about $700 million, since Federal costs are lower.

Of course, Mr. President, a 5-percent loan is not as favorable as a 2-percent loan. But, Mr. President, there are millions of American taxpayers—the people who pick up these Federal subsidies— who would be delighted to be able to borrow at 5 percent. The question, then, is whether rural electric cooperatives need—and the proper word may very well be deserve—the favoritism of 2-percent loans.
rently being advanced by REA at a rate of about $450 million per year. It is evident that on an overall basis the average interest rate on outstanding REA loans will increase very slowly. For the individual co-op, interest expense is a somewhat larger proportion of operating costs of operating rural electric distribution systems. The interest expense as a percent of operating revenue has been steadily declining since 1967. In 1971, it amounted to 4.5 percent of the operating revenue of electric distribution systems. This may be compared with the cost of purchased power, which amounted to 44.2 percent of operating revenue. Certainly the cost of interest is not the most serious financial challenge facing electric distribution borrowers.

The fact also demonstrates that an increase in the interest rate from 2 to 5 percent would not appreciably increase the electric bill per meter, as has been suggested. On the average, if future REA loans were to carry 5-percent interest, 5 years from now this would represent an additional cost of less than 50 cents per customer per month. That is what we are talking about, Mr. President. Thus, cries that a 5-percent interest rate on future loans would cause rate increases beyond the ability of subscribers to pay are simply unfounded. If any co-op should suffer financial failure, it is most likely to result from other problems than an increase in the loan rate.

Now let us look at what this 5-percent money that S. 194 proposes to retain would really cost the taxpayer. Let us assume that the Government has to pay 6 percent for the money it has to borrow to finance future REA loans. And let us further assume that the 2-percent money is loaned to the co-ops for a period of 6 years. Under these circumstances, the taxpayer will be asked to pick up the tab—to pay a subsidy to the co-ops of $389.45 for each $1,000 they borrow.

Since when is it good business for the Federal Government to charge the Nation’s taxpayers 50 cents per $1,000 it lends to local rural electric cooperatives—for no justifiable purpose except to subsidize the co-ops’ customers a few cents each per month?

And when one considers that USDA estimates that it will lend $3,440,000,000 to electric and telephone borrowers during the next 6 years, this interest subsidy— the difference between the 5-percent and 2-percent money—would amount to $2,245,632,000. That is a lot of money. I do not think we should make that kind of a commitment under the circumstances.

Finally, I would like to address one additional problem that has been raised by many critics; namely, the usurpation of congressional prerogative. It has been claimed that the President has acted without consulting Congress and has summarily put an end to a program of the greatest importance.

I find it difficult to follow this argument. If anything, the President has brought to a graceful close a policy which has long since served its purpose, while providing for a continuation of its purposes in an efficient manner. Nevertheless, few of the staunch defenders of congressional prerogative have alluded to the fact that the REA itself is a symbol or the abrogation of congressional prerogative. The REA was not established under legislative enactment. It was established by President Franklin D. Roosevelt by Executive Order No. 7037, signed March 11, 1935. This was more than 1 year before REA was legitimized by the REA Act of 1936. I see no anomaly in a program which was, in effect, started by Presidential decision being concluded by Presidential decision. If my critics wish to quarrel with the Departments of Agriculture, whoever they may be, let them not be misled by the thought that our actions are in any way unauthorized. Congress, in its wisdom, has provided in Section 305 of the Emergency Relief Appropriation Act of 1935 that the President shall have authority to make any and all grants, loans, and advances, without regard to the requirements of the law, which are required for the maintenance of existing natural resources or for the promotion of their orderly development.

The President’s proposal is one of the most beneficial Government programs. It has brought electric power—utilities and utensils—within the reach of virtually all of the residents of the rural areas of our great country. Many of these areas are isolated to an extent where private power cannot be made available because of the prohibitive cost.

While Virginia now is considered an urban State, it has many areas which are basically rural and agrarian. Most States would be more rural than Virginia is.

As electric power has been transmitted throughout the far reaches of the Commonwealth through the development of rural electric cooperatives, our citizens have enjoyed an improvement in their standard of living and a growth in their economy.

This same thing has occurred across our great Nation. The Rural Electrification Administration has played an important, major role in rural development. Rural development should continue to have high priority. A rural electrification program, including telephone, still is needed. There is additional work to be done, additional needs to be served.

I favor a change in the existing direct loan program. The President’s proposal for guaranteed loans—as contrasted with direct loans—with interest payments above 5 percent subsidized appears to me to have merit.

I support the President in his effort to control runaway Federal spending. I also support the rural electric cooperatives as they strive to become less dependent upon the financial resources of the Federal Government and to rely more upon commercial financing for their operations.

It is my view that Congress would be best serving the American taxpayer and the interests of members of rural cooperatives if we would institute a program of guaranteed loans on a graduated scale, based upon the needs of each individual cooperative.

There are some cooperatives, which, because of their unique situations, are in need of 2 percent interest to continue their operations.

There are many others, however, which, because of their fortunate situations, are able to continue their operations through capital loans at commercial interest rates.

And there is that large group of cooperatives whose operations require Federal interest subsidies which would provide them interest rates between those available on the commercial market and the 2-percent level of which we are speaking today.

For the future, rather than the pres-
ent direct loans. I hope the Congress will head in the direction of guaranteed loans on a graduating scale based on the needs of the individual cooperatives. It is difficult to continue to justify the 2-percent direct loan.

Congress must reappraise the current program through the fiscal year beginning July 1. I shall vote for S. 394, because first, the program envisioned in this bill was requested by President Nixon last year and deemed to be essential by him and by the Congress; second, it was approved by the Congress, and third, it makes sense that whereas all through the year, the Nation have a right to expect that the legislation deemed essential by the President, granted by Congress, and signed by the President, is a valid instrument on which to base their programs for the current year.

S. 394 applies to the remaining 4 months of the current fiscal year. Two-thirds of the year already has gone by. I do not deem it fair to change the law until the year ends.

I believe, however, that the Congress must give careful consideration, prior to appropriating funds for the fiscal year beginning July 1, to instituting a program of graduated, guaranteed loans and interest subsidies based on need.

President Nixon is right in asserting that the present program needs to be tightened. But the time to do it is the new fiscal year and not the end of a year for which the cooperatives have planned their programs based on existing law.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

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

The PRESIDING OFFICER. Eight minutes.

Mr. HUMPHREY. I yield to the distinguished Senator from Vermont.

Mr. AIKEN. Mr. President, as I stated earlier today, I am very strongly in favor of section V of this bill because, as one of the principal sponsors of the rural development bill, I can say that this is an act that was never intended to supplant the REA, but simply to supplement it.

There is, however, one part of this bill which has concerned me considerably. In three places in the bill it states:

"The Administrator is authorized and directed each fiscal year of the full amount, which is to be used for the Rural Development Administration, that the Rural Development Administration shall lend the full amount to the full amount shall be used, if there are enough loan requests to use the full amount."

There is no law which gives the executive branch power to impound funds except in certain limited circumstances.

Some of those limited circumstances cited are described within the terms of the Anti-Deficiency Act. Then he went on to point out:

"Savings could be affected because the requirements of the act of the appropriation act have changed, because the efficiency of program operations have increased, or when other such developments are needed to be achieved with the expenditure of less funds."

These developments must occur within the appropriation period.

So, while the language is direct, I think we can say this: First, the funds available should be in full amount, provided that the loan applications are approved, and those applications must be approved under the criteria set by the Administrator and under the terms of the law. Second, it is possible that there have been substantial changes in the law; Third, the Senate has been indicated in the debate here, where there are more users on a line than has been the previous regulation—which such standards could change; and therefore, all funds as appropriated might not be used. But the purpose here is to give a valid loan, as I believe in the purpose of the bill."

Mr. AIKEN. Then, it is the intent of the chief sponsor of this bill, the Senator from Minnesota, that the President would be directed only to lend the full amount if the full amount has been approved for pending applications.

Mr. HUMPHREY. Eligible applications that are in accordance with the terms and provisions of the REA Act.

Mr. AIKEN. That understanding, I can vote for the bill. All right. But if there is a question regarding the wording, then I hope that, if and when this bill is taken up by the House, it will be in proper language to convey what we mean, and not be subject to interpretation of some lawyer in an agency somewhere; because that is what has caused our trouble. I am led to believe that in the administration, that the Rural Development Act of 1972 gave the President authority to do away with the REA 2-percent loan money. I do not think we will find many people who agree with that lawyer.

But nevertheless he gave the administration the interpretation it wanted.

Mr. HUMPHREY. Mr. President, yesterday as I was concluding the debate for the evening, I said I was trying to do two things: One, I cannot believe the President wants this program terminated. I mean, that has been the intention today of a program not designed to put a pin in the skin of the President. I do not think he wants to kill this program. I think he was giving bad advice, just as he was in the instance of reducing benefits for our veterans by the Veterans' Administration; and two, as one very prominent American said in a recent campaign, "Send them a message, send them a message." We are sending him a message with the rol! call vote which will be taken shortly.

Mr. AIKEN. Mr. President, is the Senator willing to make his offer retroactive to last May?

Mr. HUMPHREY. That goes pretty far, I would say to the Senator from Vermont. I would have to negotiate that with the Senator.

Mr. President, I would like to take this opportunity also express my thanks and appreciation to the staff of our Senate Agriculture Committee for their help on this important bill, particularly Mr. Mike McLeod, Mr. Jim Thornton, and Mr. John Baker.

Mr. CURTIS. Mr. President, I yield 5 minutes to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. HUMPHREY. Mr. President, I find great merit in the observations of the distinguished Senator from Nebraska.

Mr. President, I find great merit in the observations of the distinguished Senator from Virginia (Mr. Harry F. Byrd, Jr.). As the Record will disclose, I supported the Bellmon amendment, for which I was less enthusiastic than for the McClure amendment. I supported the McClure amendment. It seemed to me the formula in the McClure Amendment provided a workable structure which help for the REA cooperatives that needed it could be assured at the same ongoing 2 percent rate of interest that has been available for the last 30 years.

I am not advocate that these amendments, particularly the McClure amendment, were rejected because it seems to me that we could have done what I believe most sincerely people in this country want done, and that is to try to
bring more nearly in balance the amount of money that will be spent this fiscal year and the amount of money that will be available for expenditure in this fiscal year.

I want to serve notice now that I believe the legislation ought to be revised and overhauled, and that for the coming fiscal year there must be found a better way of serving the needs of rural America through assistance in the REA program.

Also, it should not go unnoticed that if we want a confrontation, as some do, between the legislative branch and the executive branch the way to achieve that result is to mandate these laws so as to afford the Presidency no latitude, no discretion at all to try to exercise what any businessman would say constitutes good judgment. There would not be any opportunity for the President to exercise judgment in discharging responsibilities that are his in administering the laws as best he can and the will of the people.

Nevertheless, I do recognize that with the passage of the bill last year we said to cooperatives throughout the United States that help would be available to them. I think it is, as pointed out by the distinguished Senator from Virginia (Mr. CHILES), rather late in the day to say we are not going to do anything for them. There is no doubt that the bill before us will be passed, despite my vote.

Mr. President, yesterday I spoke at length on this subject. I called attention to the desire of some members to bring about a confrontation with the President. Additionally, I called attention to the assurance given me by Dave Hamill, REA administrator, that money would be made available at 2 percent for those cooperatives unable to pay more.

Mr. CHILES. Mr. President, I have very serious reservations about the constitutionality of the Executive's recent impoundments. I do not believe this administration, or any other, has the right to subvert congressional intent, terminate programs, or block, statutorily authorized program, and move into the area of legislation.

I am a cosponsor of S. 394, which would amend the Rural Electrification Act of 1936, as amended, to reauthorize such funds made available for each fiscal year to carry out the programs provided for in such act be fully obligated.

I recently coached 5 days of hearings on the general issue of impoundment and repeatedly asked officials appearing before our committee to point out where the Congress would be if it had not had the right to repeal a statute by refusing to carry out its terms. Their answers to me were unsatisfactory.

REA, REA, water bank, and other programs I support are not all that is at stake. It is, rather, the larger issue of whether the Congress will put a halt at last to this President's blatant abuse of impounding and respond positively to the contempt he has shown for the Congress.

The termination of the direct loan programs of the REA for rural electric and telephone systems is a congressional—not an Executive prerogative. I support S. 394 because it is an expression of Congress' unwillingness to allow the President's unauthorized power to be exercised.

Mr. CLARK. Mr. President, there are at least 10 rural electric cooperatives in my State of Iowa which are depending on the REA funds for their operations this year. There are two, one in Wilton, Iowa, and one in Pocahontas, Iowa, who depend 100 percent on Government financing to run their operations. The others only depend partially on the Government aid and get the remainder of their operating capital from the private money market.

More significantly, all of these cooperatives were depending on this Government program in some degree to help finance their operations this year, and without consultation with Congress or public warning, this program was ended, leaving them in a financially precarious position.

If this program reinstated so that these cooperatives can continue providing services for rural Americans. Then, let us deal with needed changes in the REA program.

In addition, I want to take this opportunity to emphasize the insensitivity of the Administration's attitude towards the 3% rate on Federal guaranteed loans. The Administration has said that even the meager 5% government-guaranteed bank loans bring greater savings to the REA customers, the "bulk" of them are "rural residents, retirees, urban workers and industries." Mr. Butz stated.

As an exchange with Sec. George McGovern (D., S.D.) on the REA question, the Agriculture Secretary found himself in a second, more oblique collision with the President's budget. Going back to his days as a Congressman from Southern California, Mr. Nixon recalled that his old district was "primarily agricultural, country clubs and dilettantes." He said that even the meager 5% government-guaranteed bank loans bring greater savings to the REA customers, the "bulk" of them are "rural residents, retirees, urban workers and industries." Mr. Butz stated.

Mr. TUNNEY. Mr. President, what is now before us is a showdown over the administration's meat ax approach to the budget which strikes not at the "fat," but instead at the "bones" of rural America. The administration has substituted insured loans made possible by the 1972 Rural Development Act as a replacement for REA direct loans. That was not what Congress intended by the Rural Development Act. Furthermore, if we had seen fit to alter REA we would have done so.

I have stated repeatedly that I sup-
port and encourage fiscal responsibility. But it is not responsible to let the President sit in solitary judgment over the future of programs which the Congress has determined to be in America's best interest.

On December 28, when the President abruptly told rural Americans they could no longer rely on the Rural Electrification Administration for loans, he told them that they could no longer rely on congressional legislation. The Congress is not necessarily wedded to the present REA formula. The Senate Agriculture Committee is already planning hearings to determine the future needs of the REA program. This is the way changes in the statute should be made.

The question, therefore, is whether the process of hearings and subsequent congressional evaluation can be preempted by a single White House press release. I contend that it cannot.

Mr. HATFIELD. Mr. President, representing, as I do, a State which is predominantly agricultural, I am keenly aware of the importance of the REA direct loan program for electric and telephone services. This program has made a phenomenal difference to Oregonians.

As of July 1, 1972, REA loans to telephone borrowers in Oregon provided telephone service for an estimated 39,190 rural Oregonians, or 5,590 miles of line. When the REA telephone loan program was authorized by Congress in 1949, 50.3 percent of the farms in Oregon had telephones, and much of this was obsolete. Today 92 percent of the State's 39,509 farms, as well as many rural homes and businesses, are served by REA.

REA loans to rural electric systems in Oregon provide service to an estimated 59,199 rural consumers over 16,444 miles of line. Ninety-nine percent of Oregon's farms are receiving electric service, compared with only 17,639 or 27.5 percent when the program was authorized.

Today the question is whether this service will be maintained in areas that are often distant from towns, and at a crucial time to many of us. Will the removal of this program's benefits mean that another incentive to remain in rural environments is hurt while further compelling additional, and unwanted, people into cities where such services are more readily available.

There is legitimacy to the point that the interest rates for these loans should be higher, especially in certain areas. But, that is a decision for Congress to make about a program that Congress created.

Which brings us to the heart of this problem. Can the executive branch impound funds or eliminate programs that have been authorized and appropriated by Congress? Does not this clearly overstep the constitutional responsibilities entrusted to the Executive? So large does this problem loom that those who might never represent people living in isolated areas far from public telephone companies are now finding themselves a sense of dismay and frustration over this abrupt action. We must decide, not just whether the REA shall survive, but whether the constitutional prerogatives of the Congress shall be preserved.

We can revise the REA direct loan program to meet legitimate complaints, but first we must establish that the program is ours to revise.

Mr. President, hundreds of letters have poured into my office about this situation and I would like to share just a few with you now. I ask unanimous consent that these letters be inserted with my remarks in the RECORD.

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

Vernonia, Oreg.,
Hon. Mark O. Hatfield,
U.S. Senate, Washington, D.C.

Dear Senator Hatfield: With twenty-seven years past service and at times president of the West Oregon Electric Co-op REA, I can speak with experience when I say this utility can't make business with the proposed higher interest rate.

Due to the heavy stands of timber and brush, hard winds and heavy snow, and other unusual handicaps, including the small number of customers to the mile, makes our system very expensive to maintain.

We wish you a successful and peaceful second term as one of our Senators.

Respectfully yours,
Noble and Nellie Dunlap.

Seaside, Oreg.,
Hon. Mark O. Hatfield,
U.S. Senate, Washington, D.C.

My Dear Senator Hatfield: I have recently read of the Executive Order to terminate the 2% REA Loan Program effective December 31, 1972, and if you would spend a minute of your time to let me vent my feelings of it to you.

We moved to the beautiful state of Oregon in 1946 when the area was isolated. We located to which we moved had no electricity but was fed power through power plants which consisted of a small motor in each individual hard wind and heavy snow, and other unusual handicaps in maintaining the small number of customers to the mile, makes our system very expensive to maintain.

We wish you a successful and peaceful second term as one of our Senators.

Respectfully yours,
Mr. and Mrs. Charles Lanning.

Seaside, Oreg.,
Hon. Mark O. Hatfield,
U.S. Senate, Washington, D.C.

My Dear Senator Hatfield: Upon hearing the news of the termination of the 2% REA Loan Program I decided to write and let you know my feelings in hopes that it will have some effect on the action taken.

We have been served by a rural electric coop for some 18 years, which is the length of time we have had electricity in our area. We had tried, unsuccessfully, to obtain electricity from one of the larger electric companies in our area; however, we were told that for the amount of customers that would be served, they would not even consider an effort of installing. Yet after a meeting with the electric coop they decided that they would and could install electricity for us and did so within the year.

During the time we were without electricity, which was for several years, we went without many conveniences that the normal family takes for granted, i.e., stove, refrigerator, iron, radio, heat (except for wood), and tv. Since we have been served by the electric cooperative, our quality of life has improved very much. We feel that this is even better than those living near town, or in town, and when we report any type of trouble to the electric company the cooperation is immediate.

I am a retired senior citizen living on just my social security as income, which amounts to about $310 per month. As it is, I have trouble paying the monthly electric bill, and the taxes on my property, buying food, medicine and essential clothing which is required, and I really don't know how I would allot for any other expenses. As I understand it, this is what the termination of the 2% REA Loan Program would mean.

I, then, urge you stop the President from making this drastic mistake and for once considering the average working man, the retired, and the poor, and let the rich begin paying their share. I've given mine!

Sincerely,
William A. Painter.

Rufus Grange, No. 826 meeting in regular session tonight expressed the deepest concern over the Administration's move to curtail the 2% interest loans to the Rural Electrification Administration established by the Act of Congress of 1944. We are concerned both over the curtailment of the loans at present interest rates and the fact that a President can unilaterally be able to rescind an Act of Congress at will.

The REA is an important element in the life of Rural America and to cripple it as this time has come to take a long, hard look at the continued development of better life for those who live there. Hundreds of communities all across the nation would not enjoy the benefits of electric power today were it not for REA which has met the needs that private power could not, or would not, assume. To terminate the Pace Act would mean that rural electric rates would be higher, especially in certain areas.

Mr. and Mrs. Cyril McMillin.

Seaside, Oreg.,
Hon. Mark O. Hatfield,
U.S. Senate, Washington, D.C.

My Dear Senator Hatfield: We move to the beautiful state of Oregon in 1946 when the area was isolated. We located to which we moved had no electricity but was furnished power by West Oregon Electric Cooperative, Inc., and you have no idea how grateful we were to them, even though we paid a higher rate. We can't tell you, though, how efficient and thoughtful our service is.

We frequently are without power during bad winter storms which bring high winds, downing lines, or heavy snow which breaks the lines, and there has never been a time that our company has not been immediately or as soon as possible to our area to repair the damage. When the original Act was passed for the 2% Loan Program in 1938 it was passed with the provision that all rural consumers would be served. This program has brought electric service to many homes and farms that would not have had electricity without these companies. In terminating this program, the services would not be guaranteed and that new construction, major repairs, and new services would be curtailed or even terminated.

We, as taxpayers, and citizens of the United States, urge you to not permit the President to usurp our power and that Congress rescind this outrageous act of the President.

Sincerely,
Mr. and Mrs. Charles Lanning.
Mr. PEARSON. Mr. President, I wish to indicate my full support for S. 394. I agree with the report of the Agriculture Committee that more than the issue of impoundment is involved here. The Department of Agriculture did not simply say that it was impounding funds in order to stay within an overall spending ceiling, it said more than this. It said in its judgment this program is no longer needed and, therefore, it is terminated.

This, of course, raises the most serious kind of challenge to our constitutional system. There will always be differences of opinions within the Congress about the merits and demerits of a program and there will be differences between the Congress and the President, but once a program is duly enacted and signed into law, it is the President’s duty to execute it. Certainly if this administration believed that the continuation of a program is no longer desired or needed, it is perfectly within its rights not to ask for new budgetary authority to fund it. And if the Congress goes ahead and appropriates money for a program the President has the full right to veto. But to simply kill a duly enacted ongoing program without even a token effort at prior consultation, raises critical constitutional and political issues.

Aside from the constitutional issue involved here I am convinced that a continuation of the 2 percent loan program is needed and desirable. I recognize that this need is not as great today as it was in the past. Certainly this is recognized by the rural electric systems themselves. Increasingly in recent years they have gone into the private market for their new capital needs. The principal instrument for this credit has been the Rural Utilities Cooperative Finance Corporation, created and operated by the rural electric systems themselves. Thus most rural electric systems now use a blend of private and Government money. Some of these systems rely almost entirely on private financing, but there are still a number of systems for which the 2 percent direct loan program is essential to their survival. As I understand it, there are 88 rural electric systems which due to their financial status are eligible for full financing at the 2 percent rate. Eight of those are in Kansas. In addition, 28 other systems in Kansas are dependent upon 2 percent loans for a significant source of their needed capital.

Mr. President, no one denies that 2 percent direct loans constitute a very generous program, but we need to be reminded that the problems that the rural electric systems face are unique and difficult. For example, in Kansas the rural electric systems have an average of 1.8 customers per mile of line built. Whereas the investor-owned utilities have approximately 26 customers per mile of line. An investor-owned utility has an average of $591, whereas the revenue for investor-owned utilities is $5,500 per mile. Customers of rural electric systems Kansas already pay more on the average for electricity than urban users. This is not due to a difference in efficiency but due to the fact that the electric cooperatives serve sparsely populated areas, therefore, the investment cost per customer extremely high. Thus, despite the higher prices that most farmers must pay for electricity, the rate of return on all the electric cooperatives in Kansas in 1971 was 3.88 percent. The termination of the loan program would place many of the rural electric cooperatives in serious financial difficulty and will certainly mean that they will be obligated to charge their customers higher rates, thus accelerating the already sharp increase in costs that the farmer has encountered in all his areas of production.

This is a good bill. It deserves our support.

Mr. BROCK. Mr. President, most of the people in this country object loudly when the President indicts an action of Congress. The President has made a call for increased ceiling, it said more than this. The President is making a valiant effort to do something about it — yet, each program he has cut is somebody’s favorite. So Congress continues to refuse to accept the responsibility for fiscal integrity which it has long since abdicated.

The REA program was initiated several decades ago when the private power companies felt it was too unprofitable to extend electricity to rural areas. The Government had to help. But now, only about 20 percent of the rural electric co-op customers are farmers and nearly all of the new customers are nonfarmers, mostly suburban.

Furthermore, when the interest rate was set at 2 percent during the depression, the cost of money was 1.69 percent. Now the cost of money is somewhere around 6 or 7 percent, but the REA interest rate remained the same.

REA has done a fantastic job for which I applaud them, but I cannot agree that the future of REA is threatened by an increased interest rate. Production Credit Associations and the Federal land banks have emerged stronger than ever from their recent shift to the private money markets, and I believe REA can do the same.

What is regrettable to me is that Congress neglected its duties in reevaluating the program and recognizing the need for revision before the Executive was forced to take action.

I have made a commitment to do everything in my power to hold down spending and in this case I can see no justification for continuing the direct subsidy. I cannot support S. 394.

Mr. HUMPHREY. Mr. President, I yield back the remainder of our time.

Mr. CURTIS. I yield back the remainder of my time.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no amendment to be proposed, the question is on the engrossment and the 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 the bill pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The result was announced — yeas 69, nays 20, as follows:

Mr. ABBOURNEZ
Mr. Aiken
Mr. Allen
Mr. Anderson
Mr. Baker
Mr. Bellon
Mr. Benton
Mr. Bible
Mr. Biden
Mr. Brodie
Mr. Brooke
Mr. Burdick
Mr. Byrd, Robert G.
Mr. Byrd, H. S.
Mr. Cannon
Mr. Chiles
Mr. Church
Mr. Clark
Mr. Cook
Mr. Curtis
Mr. Dale
Mr. Domenic
Mr. Dominick
Mr. Eastland
Mr. Eastman

Yeas-69

Mr. Abourezk
Mr. Aiken
Mr. Allen
Mr. Anderson
Mr. Baker
Mr. Bellon
Mr. Benton
Mr. Bible
Mr. Biden
Mr. Brodie
Mr. Brooke
Mr. Burdick
Mr. Byrd, Robert G.
Mr. Byrd, H. S.
Mr. Cannon
Mr. Chiles
Mr. Church
Mr. Clark
Mr. Cook
Mr. Curtis
Mr. Dale
Mr. Domenic
Mr. Dominick
Mr. Eastland

Nays-20

Mr. Bartlett
Mr. Beall
Mr. Bennett
Mr. Brook
Mr. Buckley
Mr. Cotton

Not Voting - 11

Mr. Bayh
Mr. Cranston
Mr. Cranston
Mr. Gravel
Mr. Javits

So the bill (S. 394) was passed, as follows:

February 21, 1973
minutes in an elevator that was stuck. I ask unanimous consent that I be permitted to cast my vote in favor of the bill (S. 394) just passed by the Senate.

The PRESIDING OFFICER. Under the rule, the Presiding Officer is prohibited from entertaining such an unanimous-consent request.

Mr. HATFIELD. Mr. President, I wish to register my explanation of why I just missed the vote on final passage of the REA bill. My position on this issue is clear: I am in firm support of the proposal. I left my office to come to the floor to vote, and stepped into an automatic elevator in the corner of the Old Senate Office Building closest to my office.

Due to some mechanical mistake, this elevator has been going up and down for over 10 minutes. I was on the fourth floor after floor. I missed the vote, but without a struggle. I called the Superintendent's office on the phones that are in all the elevators. Still, our elevator continued on its crazy up-and-down course, with no relief.

Therefore, I wish to register my position as being in full support of the proposal—I am sorry that forces far beyond the control of any of us kept me from appearing to cast my vote.

As long as this Senator—capturing elevator remains, my advice to my colleagues is: Walk, do not ride.

EXTENSION OF TIME FOR COMMITTEE ON RULES AND ADMINISTRATION TO FILE REPORTS

Mr. CANNON. Mr. President, I ask unanimous consent that the Committee on Rules and Administration may be permitted to file certain reports up to 12 p.m. tonight.

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

FEDERAL AVIATION ACT

The PRESIDING OFFICER (Mr. BARTLET). Under the previous unanimous-consent agreement, the Chair lays before the Senate S. 39 which the clerk will report.

The legislative clerk read as follows:

A bill (S. 39) to amend the Federal Aviation Act of 1958 to provide a more effective program to prevent aircraft piracy, and for other purposes; . . .

The Senate proceeded to consider the bill which had been reported from the Committee on Commerce with amendments on page 3, line 15, after the word "punished", insert "by imprisonment for not less than twenty years or for more than life"; after line 16, strike out: (A) by both the indictment and the jury shall so recommend, or, in the case of a plea of guilty, or a plea of not guilty where the defendant has waived a trial by jury, if the court in its discretion shall so order; or (B) by imprisonment for not less than twenty years, if the death penalty is not imposed.

On page 9, line 20, after the word "prescribe", insert "reasonable"; on page 10, line 14, after the word "carriers", where it appears the first time, strike out the comma and insert "and"; in the same line, after the word "carriers", where it appears the second time, insert a comma and "at domestic and foreign airports”; in line 15, after the word "$35,000,000", strike the semicolon and insert "for use”; on page 11, line 16, after the word "transportation", insert a colon and "Provided, however, That notwithstanding any other provision of law to the contrary, the Administrator may not regulate the operation of the presence at airports in the United States of State or local law enforcement personnel to assist in or support the screening of passengers and property prior to boarding, or to enforce, or to act as a deterrent against acts which are prohibited by United States statutes other than as authorized by this subsection”; on page 12, line 8, after the word "substance", insert a colon and "Provided, however, That no person shall be frisked or searched unless he has been identified as a passenger on a plane who is reasonably likely to be carrying, unlawfully, a concealed weapon and before he has been given an opportunity to remove from his person or clothing, objects which could have evoked a positive response from the weapons detection devices and automatic searches to such search. If consent for such search is denied, such person shall be denied boarding and shall forfeit his opportunity to be transported in air transportation, intrastate air transportation, and foreign air transportation;”; on page 13, line 10, after the word "may", strike out "designate and”; in line 14, after the word "personnel", strike out "to exercise"; in section 3 of this Act and insert "whose services may be made available by their employers, on a part-time or other basis"; and in the authority conveyed in this subsection;” on page 14, line 24, after the word "substance", insert as prescribed in section 316a of this Act; on page 16, line 25, after the word "transportation", insert a period; in line 16, after the word "transportation";”; on page 20, line 13, after the word "prohibited by, United States statutes other than as authorized by this subsection”; on page 21, line 10, after the word "fiscal", strike out "year" and insert "years”; in the same line, after the word "$5,000.000", strike out "and for each succeeding fiscal year such amounts to exceed $35,000.000”.

Mr. CANNON. Mr. President, for the benefit of Senators present, I may say that the time limitation that has been agreed on is 2 hours, 1 hour to each side. I do not anticipate using all of the hour allotted to me. I do not anticipate a rollcall vote on final passage.

I ask for the yeas and nays on final passage.

The yeas and nays were ordered.

Mr. CANNON. Mr. President, I yield myself such time as I may require.