US Congress Congressional Record.

UNITED STATES OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 93d CONGRESS
SECOND SESSION

VOLUME 120—PART 13

MAY 29, 1974 TO JUNE 5, 1974

(PAGES 16591 TO 17918)

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, 1974

inventory profit accounted for $258 million or nearly half of its first quarter net.

GULF OIL CORP.

The 76 percent increase in first quarter profits and a 114 percent increase in revenue to $4.52 billion.

PHILLIPS PETROLEUM

The country's tenth largest oil company reported first quarter earnings of $108.6 million up from $43.4 million. Revenue nearly doubled to $1.15 billion. Phillips attributed its improved earnings to a 6-percent rise in its crude prices, and higher world chemical sales.

ATLANTIC RICHFIELD CO.

The company earned $93.9 million in the quarter compared to $50.3 million for the first quarter of last year.

CITIES SERVICE

First quarter net income of $68.8 million compared to $36.8 for the same period last year. Revenues totaled $703.2 million, up 34 percent from the first quarter of 1973.

OCCIDENTAL PETROLEUM

A spectacular increase in profits that soared 718 percent to $67.8 million from $8.3 million for the first quarter last year. Revenue rose 96 percent from $681.4 million to $1.33 billion. The company said first quarter increases were mainly due to sharp price increases reflecting unusually high demand, particularly for crude oil, coal and agricultural chemicals and fertilizer.

COMMONWEALTH OIL REFINING

First quarter earnings soared 457 percent, from $2.8 million to $15.6 million. Revenue surged from $91.1 million to $298.5 million, 228 percent.

STANDARD OIL OF INDIANA

First quarter earnings of $219 million, up 81 percent from $121 million a year earlier. Indiana Standard's domestic earnings were up 34 percent to $126 million, while the company's total revenues rose 55 percent in the quarter to $2.273 billion.

I find the Nation confronted with the simple question—Where do we go from here?

Do we go into a shell of silence until another shortage occurs?

Do we generate heat and motion until the more vocal critics become distracted by other events?

Or do we move with measured steps toward a return to reason in the oil marketplace?

As the president of Union Oil has suggested, a strong congressional action to roll back crude oil prices is an immediate step to return to reason.

But—this can only be a holding action until we see our way clear to institute some far-reaching reforms. Mr. President, I subscribe to the concept and practice of a free enterprise market place economy. I agree with the theory of profit motivation to inspire innovation; improvement and capital investment to increase productivity and increase the value of the consumers' dollar.

In this context, the outlandish profits realized during the first quarter can in no way be characterized as "business as usual." I think those kinds of profit percentages raise the ghost of monopolistic practices. They tell a damning story about the structure of our economy. There is something drastically wrong with the structure of the petroleum industry and its business practices.

Nobody thinks the modern American economy can look like an economist's perfect competitive model as envisioned by Adam Smith. It never has, even back in the pre-Civil War days and it certainly does not now. We are in for a mixed economy of some sort.

But the oil crisis has made us face up to the turning point issue because we cannot leave the American consumer at the mercy of the large corporations.

Do we move Government control and nationalization of the industry or do we move to restructure it so that we have some marketplace behavior protecting the American consumer?

I believe this is the issue which has to be effectively dealt with if we are to return to reason on gas prices.

"Reasonable monopoly," said Henry Simon, the noted economist, "is a contradiction in terms. There can be no such thing." Events of the first quarter cause me to nod in some agreement with Mr. Simon, although I find his ultimate conclusion of Government incorporation of all private corporations too drastic.

Government can influence business and should.

The Federal Trade Commission regulates the kind of advertising business may do.

The Securities and Exchange Commission regulates its practices in issuing securities.

The Federal Reserve controls the terms on which it can borrow money from the banks.

Federal law establishes the minimum wages of workers and determines that business must deal with certain labor unions. Through its income tax, Government takes half of all business profits and in effect prescribes what kind of accounting procedures must be followed. On the vast amount of contracts, nearly $60 billion in 1970, it sets elaborate standards of performance and specifies that business cannot discriminate amongst employees on the basis of race, creed, color or sex.

If business registers the huge profits, as the oil companies did in the first quarter this year, it is no easy matter to impose some sort of inhibiting Government controls so that consumers are protected. This price we pay downstream in terms of a supporting Federal bureaucracy will be borne by generations of consumers.

I believe we must move to restructure the industry so that competition and marketplace forces once again come into play.

In the meantime, I have seen reports in the media where some oil company executives have labeled Congress vindictive for even considering legislation to regulate oil profits. Mr. President, if its vindictive to expect oil corporations to be fair to consumers then this Congress should be vindictive. If it is vindictive to deplore 700-percent increases in profits at a time when inflation has already diluted the average wage earners wages then I consider being vindictive a compliment to this Congress.

Mr. President, I would like to ask unanimous consent that the San Francisco Chronicle article be printed in the RECORD.

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

OIL EXECUTIVE URGES PRICE CUTS IN CRUDE

SACRAMENTO.—The president of Union Oil Co. said yesterday that big oil company profits show that the price of new domestic crude oil should be cut.

"I think the incentive is currently greater than required and that the oil company profits that are being announced this week—our company included—verify that," Fred Hartley told the crude oil pricing subcommittee of the Joint Committee on Public Domain.

He said under federal price regulations, old domestic oil sells at about $4.50 a barrel. But new oil—produced from new wells or increased production from wells already in operation before March, 1972—sells for about $9.50 a barrel.

The differential was designed to give oil companies an incentive to develop new domestic sources of oil, Hartley said.

But he added that since new oil prices have risen so far and since the increases are passed along to the consumers, profits have risen more than needed as an incentive for more exploration.

CURRENT U.S. POPULATION

Mr. PACKWOOD. Mr. President, I would like to report that, according to current U.S. Census Bureau approximations, the total population of the United States as of Saturday, June 1, 1974, will be 212,213,275. In spite of widely publicized reductions in our birth and fertility rates, this represents an increase of 1,472,684 since June 1 of last year. It also represents an increase of 155,277 since May 1 of this year—that is, in just 1 short month.

Over the year, therefore, Mr. President, we have added the equivalent of three cities larger than Atlanta, Ga. And in just the last month, we have added more than enough people to fill three cities the size of Champaign, Ill.

RURAL RAIL PRESERVATION

Mr. MONDALE. Mr. President, a recent editorial in the St. Paul Pioneer Press discusses the rural rail preservation bill, S. 3438, introduced by myself, Senator HUMPHREY, Senator SCHWEIKER, and Senator CLARK on May 2, 1974. The bill places a 2-year moratorium on railroad abandonments pending completion of State and local programs to effectively utilize Federal rail service continuation grants. The bill also mandates a comprehensive study of the impact of branch line abandonments on our Nation's economic, social, and environmental requirements and to provide Federal assistance to continue service along essential lines which would otherwise be discontinued.

As noted in the editorial:

Lacking an overall transportation policy, America has bumped along with deteriorating rail service being gradually replaced by bigger and bigger trucks. Fuel problems last winter pointed up one of the problems inherent in a nation dependent on high-energy highway transportation.

Railroads, for their part, have been attempting to "streamline" operations by abandoning low-revenue branch lines. Proposed abandonments have to be cleared by the Interstate Commerce Commission. The ICC has approved more than 97 percent of the abandonment requests it has heard. The ICC has been guided exclusively, it seems, by the railroads' financial claims and has not considered the effects of abandonments on the rural areas served—or once served—by the affected branches.

It is because of the effects on rural America that we proposed this bill in the form of amendments to the Rail Service Act of 1973. Although the amendments were adopted by the Senate, they were, unfortunately, dropped from the bill during conference with the House.

I ask unanimous consent that the editorial from the St. Paul Pioneer Press of May 21, 1974, be printed in the RECORD.

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

RAIL ABANDONMENT STUDY

Senators Humphrey and Mondale are trying to hang a Stop-Look-Listen sign on the nation's railroads. And it's about time.

The Minnesota Democrats have introduced a bill in the Senate that would impose a two-year moratorium on track abandonments. During the two-year period, there would be a thorough study of the effects of abandonment and federal assistance would be provided to keep open essential lines that were scheduled to be closed.

Lacking an overall transportation policy, America has bumped along with deteriorating rail service being gradually replaced by bigger and bigger trucks. Fuel problems last winter pointed up one of the problems inherent in a nation dependent on high-energy highway transportation.

Railroads, for their part, have been attempting to "streamline" operations by abandoning low-revenue branch lines. Proposed abandonments have to be cleared by the Interstate Commerce Commission. The ICC has approved more than 97 percent of the abandonment requests it has heard. The ICC has been guided exclusively, it stands by the railraods' financial claims and has not considered the effects of abandonment on the rural areas served—or once served—by the affected branches.

The Mondale-Humphrey bill, known as the Rural Rail Preservation Act of 1974, once was an amendment to the Passenger Rail Service Act of 1973, but was lost in the House of Representatives. Surely, the events of the last 12 months should give it a better chance as a separate bill this time around.

Last year the rail system "broke down" when called upon to move crops to market. Sen. Humphrey said, "and with this year's (expected) sharp increase in production, I fail to see how we will move the crop." Mondale noted that in the last three years alone, rail abandonments have resulted in the loss of 7,800 miles of track to rural communities.

Abandonment proceedings are in a sort of moratorium now because of a Federal Court order requiring the ICC to start producing environmental impact statements before approving abandonments. The Humphrey-Mondale bill would formalize this, require an overall study of this one important phase of American transportation and, hopefully, point the way to a long-term solution to the problem of rural rail service.

THE GENOCIDE CONVENTION: IN OUR BEST INTERESTS

Mr. PROXMIRE. Mr. President, the Genocide Convention was the first human rights treaty passed by the United Nations. The United States was one of the prime supporters of this treaty, yet we have failed to ratify it.

It has been questioned whether or not a human rights convention is the proper use of the treatymaking power granted in the Constitution to the President and the Senate. Fortunately, this question has been resolved.

The Special Committee of Lawyers of the President's Commission for the Observance of Human Rights Year 1968, commonly called the Clark Committee, issued a report in October 1969 that dealt with the issue of U.S. ratification of human rights treaties. They concluded that—

Treaties which deal with the rights of individuals within their own countries as a matter of international concern may be a proper exercise of the treaty making power of the United States. This conclusion is supported by the past treaty making practice of this country.

The most important criteria to judge whether the Senate should ratify any treaty is whether it is in the best interests of the United States. By ratification, the United States stands to improve our international relations and give an impetus to the prospects for world peace. The treaty is in the best interests of our country since with a determined stand against the crime of genocide by the U.S. chances of genocide occurring will be reduced and will help in preserving world peace.

Mr. President, I urge the Senate to ratify the Genocide Convention.

SCHOOL BUS SAFETY: LOCAL INITIATIVE NEEDED

Mr. PERCY. Mr. President, despite widespread demands for expeditious Federal action, the problems of hazardous design and unsafe operation of school buses are still with us. In previous remarks on the Senate floor, I have urged the National Highway Traffic Safety Administration to issue, not more proposals or notices of postponed proposals, but the concrete standards that are so essential to the safety of our children. Yet, each day NHTA's delay becomes more conspicuous.

In this regard, James Morrison, an excellent free-lance writer, has penned a most constructive article, entitled, "School Bus Safety: There Is Something You Can Do." It appears in the April, 1974, issue of "Media and Consumer"—which is fast becoming one of the most outstanding compendiums of original topical writing on matters of importance to all consumers. Not willing to wait out the long delays on the Federal level in meeting school bus safety problems, Mr. Morrison intended the article "to explain enough about school bus safety to do something about it in your area."

The article points up the flimsy construction of school bus bodies as "little more than a sheet metal box bolted to a truck chassis." It is further reported that 90 percent of all injuries incurred in school bus impact accidents are caused at least partly by unsafe seat construction. Upon impact, either the seats rip out of the floor, or heads, necks, and chests are sent flying into the metal railing of the seat directly in front. These criticisms have been repeatedly raised, but keep falling on deaf ears.

Most incisively, Mr. Morrison strongly suggests that school administrators take direct initiative: First, to train and carefully superintend drivers and, second, to insure proper maintenance and safe operation of school buses. He points out:

Nearly two-thirds of all school bus-related fatalities occur outside the bus when children are struck by passing vehicles or the bus itself. (Yet), few school districts give instruction on safe loading and unloading. . . .

I was appalled to read that one 22-year-old operator in New York had four accidents, a license probation, two speeding convictions, one other motor vehicle conviction, and a police warning on his record—yet he was hired to drive a school bus.

The article closes with an extremely helpful section entitled "25 Questions To Ask About School Buses." The questions will aid the concerned school administrator or parent in pinpointing safety problems with local school bus operation.

District 19 in Illinois and other entities around the country have already taken decisive steps towards the goal of safer school bus transportation. I wholeheartedly encourage other responsible leaders on the State, county, and district level, to follow this lead.

Mr. President, because I believe that local initiative to alleviate the hazards of school buses is so impotarnt to safeguard young children from injury and death—particularly in the absence of decisive leadership by Federal administrators—I ask unanimous consent that the Morrison article be printed in the RECORD.

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

SCHOOL BUS SAFETY: THERE IS SOMETHING YOU CAN DO—WHAT DIFFERENCE DOES IT MAKE?

(By James Morrison)

On Oct. 30, 1973 at 6:45 p.m. nine-year-old Jeffrey Kaiserman of Skokie, Ill. was delivered to his home by a privately-operated, contract school bus. The term "school bus" is used rather loosely here, since this vehicle could not pass the state school bus safety inspection. It carried a truck safety inspection sticker. And, since it was not technically a school bus, the warning light system, by state law, had to be disconnected.

It was, however, still allowed to carry students to and from school because this particular bus was contracted directly by a private school. Thus, it did not fall explicitly under state regulation. Since this bus operation was not state regulated, the driver was not required to have a state school bus driver's certificate. In fact, this particular driver did not even have an Illinois driver's license. If he had had a state certificate he would have had to pass a test covering, among other things, proper stopping and unloading procedures. Since this was not required of him, he was not even aware there were such procedures.

This probably contributed to the fact that he stopped his non-lighted, non-school bus on the wrong side of the street. Of course, Jeff Kaiserman should have known how he and the bus driver are supposed to work together to ensure that he gets safely