icisms that the Commission will not devote sufficient attention to the equal pay and age discrimination jurisdiction it inherits next year.

"Those areas received high priority at the Labor Department, and, given the staff and additional budget. I suspect they will continue to be treated as a high priority at EEOC," Smith said. "Unfortunately, it may not be humanly or bureaucratically possible to allocate time and resources to a crash course in age discrimination and wage-and-hour before the transfer actually occurs."

Smith said that EEOC's acquisition of new responsibilities would impact greatly on the Commission's resources. "We are caught between existing priorities and future ones," he said. "In the end, priorities will depend on budget and pressures from the public and Congress." Smith relinquishes his new task, but admits the nomination raised a professional conflict.

"As a black American I am aware I was the first supergrader at the FCC in its forty year history," he said. "I know I am leaving at a time when minority ownership in communications is at its height. But I wouldn't bet the FCC but for civil rights legislation. I am a product of the civil rights movement. By going back to the FCC I may help in the reduction of discrimination." Smith said he is heading to EEOC full of great expectations. "I am going there at a very opportune time," he said. "Because of the reorganization, the agency is on the up, image-wise. With the acquisition of more and diverse jurisdiction there will be a great possibility for an exciting experience, parallel, of course, by great intellectual frustrations, I'm sure."

Nevertheless, Smith's optimism is tempered by realism. EEOC's past image has not escaped him. "I may be entering a quagmire," he admitted, "but I am entering with the highest stilt."
January 18, 1979

EXTENSIONS OF REMARKS

THE OTHER SIDE OF THE VALLEY

HON. ROBERT J. LAGOMARSINO
OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES
Thursday, January 18, 1979

Mr. LAGOMARSINO. Mr. Speaker, I would like to call to the attention of my colleagues, the following article on the economy by George P. Shultz, which appeared in the fall/winter edition of the Stanford magazine.

(By George P. Shultz)

In the United States today we are experiencing an inflationary boom. This boom contains the dynamics that will almost surely take us into a valley—an economic slowdown the severity of which will be significantly affected by events now unfolding. The valley ahead is already in the cards. Given our situation, the only interesting question is: what will it be like on the other side? What kind of atmosphere, what kind of economic climate will we be breathing on the other side? To answer this question, I believe, affect the depth and width of the valley itself. Accordingly, I will explain in the following pages what we feel we will be entering this valley and what I think we can expect on the other side.

Recently someone asked me, having heard me say almost the same thing that I thought inflation was very much on the rise and that double-digit inflation was a distinct possibility. Why has this come to pass? Our current policy, yet the levels of monetary growth this year are comparable to, even greater than, those in the 1974-1975 period. Inflation has been running over 9 percent, and when William Miller, his successor, as Federal Reserve chairman, said he would never again preside over an inflation of 12 percent. In January 1979 inflation was 9.5 percent. Inflation, which for point of comparison is more than 300 percent higher than our average, has been 300 percent higher than the average of government actions that raise costs and prices, such as:

- Increases in the Social Security tax. (Social Security tax payments for maximum rate payers will rise 31 percent in January 1979.)
- Increases in the minimum wage to $2.90 per hour effective in January 1979 follows a 15 percent increase a year earlier). Such increases not only hit hard at lower-wage industries, but also push up wage rates throughout the entire wage structure and raise welfare costs as the unskilled and homeless cannot be expected to fill the gap.
- Increases in the support prices of some farm products.
- Import restrictions on a wide variety of consumer and producer products.

Regardless of whether you are for or against any particular one of these measures, you must agree that they tend to raise costs and prices.

We also have ausher of government regulatory activity that carries enormous costs—costs borne by the American economy, by the American taxpayer, by the American consumer. The Chase Manhattan Bank Economics Group has estimated that in 1977 it costs us $103 billion to administer federal and state regulations, and it estimates that another $65 billion in taxes is required to finance them. This huge sum, and they are calling for tax cuts before state and local government spending rises to use the revenues available.

In addition to the inflationary effects of rapid growth in the money supply and continuing deficits at high employment levels, we also see in the continuing action on the part of government actions that raise costs and prices, such as:

- Increases in the Social Security tax. (Social Security tax payments for maximum rate payers will rise 31 percent in January 1979.)
- Increases in the minimum wage to $2.90 per hour effective in January 1979 follows a 15 percent increase a year earlier). Such increases not only hit hard at lower-wage industries, but also push up wage rates throughout the entire wage structure and raise welfare costs as the unskilled and homeless cannot be expected to fill the gap.
- Increases in the support prices of some farm products.
- Import restrictions on a wide variety of consumer and producer products.

Regardless of whether you are for or against any particular one of these measures, you must agree that they tend to raise costs and prices.

The imposition of new regulations and the regulatory activity that carries significant increases in the costs of goods and hold back vital new investment.

The imposition of new regulations and the unpredictability of their administration have led on top of any proposed capital expenditure new element of political risk— a wild card. Today you cannot proceed with the normal investment process—making an economic calculation of rates of return and risks—and assume some constancy in the regulatory rules of the game. Instead, you must be prepared to consider an investment in a politically unstable developing country where you must ask, "Will the plant in essence be expropriated? Will the rules of operation be changed in some substantial way once our funds are committed?" In truth, the net effect of some of our regulatory procedures is to appropriate property. How would you feel if you were the owner of the embattled Seabrook Nuclear Power Plant, which has become such a symbol of controversy? You have about a billion dollars committed to it through a peculiar interplay of regulatory indifference, intervener challenge, and outside political pressure. So far anyway, virtually been expropriated. The construction permit has been granted and supported over three times over the last two years. Such delays, to date, have resulted in a three-year slippage in schedules. The cost of federal regulatory activity, already enormous in terms of costs that can be calculated, is even larger when the incalculable costs of uncertainty and delay are added.

Next on my list is the deteriorating rate of growth in productivity. In the past two years, productivity has increased only about 1 percent per year, and productivity over the first three quarters of 1978 increased even more slowly. When balanced against rising rates of pay, which have not even kept pace with inflation in the past year, slow growth in productivity means substantial increases in labor costs. Over the past two years, unit labor costs have increased 16 percent. Sooner or later these increases will be passed on to the consumer in the form of higher prices. Although there are many causes of this deteriorating growth rate, the imposition of new regulations and rate regulations on the formation and use of capital is clearly an important one.

There have been other causes. It is no mystery why the dollar has been declining over the past year. While other countries have been getting a better for their money for a very good reason, you can't produce a dollar. It is no mystery why the dollar has been declining over the past year. While other countries have been getting a better for their money for a very good reason, you can't produce a dollar. It is no mystery why the dollar has been declining over the past year. While other countries have been getting a better for their money for a very good reason, you can't produce a dollar.

For all the foregoing reasons, we find ourselves with a roaring inflation on our hands. Yet, at the same time, our economy is experiencing strong real growth. About four million new jobs were generated in the U.S. economy in the first half of 1978. That is unprecedented. No other country in the world can match that. In terms of this country's policies, it is very significant that if you relate the number employed to the total working-age population, with sex, education, it is at an all-time high—59 percent. At the peak of the 1973-74 boom, employment had reached 57 percent.

In a statistic like this, a 2 percent increase in such a short period of time represents a terrific movement, and I think it suggests how strong our labor market is.

Under these circumstances, the government is being forced to tackle inflation. The first step is for the rhetoric of the government to change, and it has changed. The real questions—What are you doing? Are you doing enough? Are you doing the right thing—are being asked. And the reality of inflation fighting is now beginning to emerge. That is, basically and unavoidable, exercising discipline on the budget, on the rate of monetary growth, particularly the latter. The President's successful veto of the public works bill was a beginning. Our vote in the House was an encouragement that determination discipline on spending may become a hallmark of the 95th Congress. He says it will, and we hope he means it.

There is also available to the administration a true "free lunch": deregulate where
EXTENSIONS OF REMARKS

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That is the profile ahead as I see it—a profile of serious inflation, politically unpopular at home and devastating in its consequences for the dollar in world markets. And as long as the Administration may come to grips with the problem by relying in the money supply and budget, and producing the required discipline in a relatively short time, we shall enter a valley, and at some point we will emerge from it. As I have said, the interest rates must go up. If you do not like it, put the blame on the other side. That is what I would like to turn to now. I see a number of very significant problems arising in that place.

First of all, we are, I believe, witnessing a massive reassessment on the part of the public that the need for extraordinary government action in the face of the problems stems from the failure of government mechanisms. The longer we try to postpone that event, the more likely it is that it will come.

The outlook for the next few years includes ongoing inflation, unless we act now. By allowing the market mechanism to take the lead, we are exposing ourselves to tremendous pressures to treat the short-term symptoms with permanent cures. The markets, after all, are the private sector's way of solving the same problem that we experienced in the past. If we fail to act, the impact of the short-term cure will be enhanced. The longer we try to postpone that event, the more likely it is that it will come.

The problem of the dollar's decline and exert restraints on growth in the money supply. As we go into the valley of slow ongoing inflation, for once the inflationary restraint on growth in the money supply.

The economy has been slowing down and yet in growth, perhaps no growth, perhaps some activity. The longer we try to postpone that event, the more likely it is that it will come.

The interesting question is, what happened to the economy? It is going to come. The outlook for the next few years includes ongoing inflation, unless we act now. By allowing the market mechanism to take the lead, we are exposing ourselves to tremendous pressures to treat the short-term symptoms with permanent cures. The markets, after all, are the private sector's way of solving the same problem that we experienced in the past. If we fail to act, the impact of the short-term cure will be enhanced.

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has, too. So, why hasn't the United States? As a matter of observation, we have dealt with it successfully before and that we can, and we have successfully now in other countries. Classical economic measures—exercising fiscal and monetary restraint—have been used, and they have worked.

For a long while in economics we were preoccupied with the demand side of the supply-and-demand equation—with the managing of overall demand and with devising programs to get supply and demand back into balance. But now we see a growing emphasis on, and increasing attention to, the supply side—to questions about how we can increase supply and how we can operate with greater efficiency. The efficiency issue is tremendously important in the energy area. Despite all the existing problems, and even though we have suppressed prices we can see that the market has taken a grip on the situation to encourage greater efficiency in energy use. Consumption of energy relative to GNP is down. In the United States from 1973 to 1977, real GNP rose about 8 percent while energy consumption generally rose about 1.5 percent. For decades prior to that time, there was a one-to-one ratio (1 percent increase in energy consumption for every 1 percent increase in the GNP). The breaking of this pattern is, I believe, a response to the much higher prices for energy.

Today we see a lot of activity in the area of exploration and development in the U.S., and we could see still more activity if prices were deregulated. There are more drilling rigs at work in the United States today than in over 20 years. In the international area we see some softness in the price of crude oil as oil from the North Slope, from the North Sea, and from Mexico has come on stream and conservation in response to high prices has held. I don't think most people realize what has happened to the real price of crude oil over the past few years. Here I am referring to the world market price, not the internal U.S. complication based in part on controls. In the three years since the beginning of October 1975, the real dollar price of crude oil has declined more than 11 percent (obtained by taking the world price of oil and deflating it by the Consumer Price Index). This in terms of real deutsche marks during that same period (remember that the price of crude oil in dollars has gone down about 25 percent; in terms of real yen, it has declined over 40 percent). I am amazed that most people have not noticed this. There is very little written about it, but I can't help feel it is an explosive development. The international market for crude oil is soft, but not that soft. We cannot expect the price of oil in real terms to continue this pattern of deterioration.

What does all this add up to on the other side of the valley? I think we can look forward to a greater recognition of the importance of capital formation and to a greater emphasis on capital formation. We have experienced a very unusual economic expansion; it has taken place without the big kiccker it usually gets from major grass-roots capital formation, big changes in public policy facilities. Most of the capital formation in this boom has been from additions to existing structures, primarily in the housing sector. The kind we have not had big capital expenditures on new projects and new plants. As a result we have a backlog of needs of that kind. The changes in capital gains taxation and the questioning of regulations that we see today show that we may very well see the unusual event of capital formation leading the way out of the valley. To

the extent that people feel the other side of the valley can be favorable, the width and depth of those fault lines will be diminished. People will focus their planning on the long term, and they will see the merit of making long-term capital investments.

With the valley in sight, as we look toward the possibility of achieving a period of economic expansion that is both sounder and less inflationary than our current experience, the outlook for the economy will be better than anything we have experienced in the past five or ten years. This judgment about the future rests not so much on an assessment of the economics of the matter as on the mood of the political class as channelled through the political process. When the political winds start to blow, my observation is that weather vanes abound. (One of the greatest weather vanes we have experienced in the past five years is the Political Class's reaction to every report of a deterioration or the rising prices.)

Economic policy and economic commentary are too often prejudiced with the policy of placing self-interest above the well-being of the public. When we talk about the market mechanisms, we are talking about the market for institutions, the organization of the economy with rising prices and rising costs. It is the role of government to provide a level playing field for these market mechanisms. In the international area we see some softness in the price of crude oil, and these market mechanisms are working.

Economic policy, economic commentary and the media seem to be very much preoccupied with demand side measures—taxes, incomes policies, or other compulsory measures. What we need is supply side measures that will afford us the most stable, sustained long-term solutions.

As Mr. Drinan has said: The new federal study comes considerably after the Surgeon General's initial findings of 15 years ago on the health hazards of smoking. It declares flatly that its medical research indicates smoking is a direct cause of numerous diseases and that women who smoke may be harming their unborn children as well as themselves.

This study, four years in the making, says 53 to 38 percent since 1984, the percentage of women smoking has dropped at least 65 percent.

It is surprising that, despite such medical warnings, so many Americans continue to smoke. They clearly have become the victims of a mesmeric habit,abetted by slick promotion, which American society ought to resist as an insidious national problem.

The sad fact is that much of the $850 million the tobacco industry spent last year to advertise smoking as "glamorous and satisfying" was aimed at young people and teenagers in particular. HEW Secretary Califano says 75 percent of the adults who smoke acquire the habit before the age of 21; 100,000 children aged less than 13 and younger are regular cigarette smokers.

We have deployed many times the federal government's two classic tools—toward tobacco, reflected in the HEW campaign to reduce smoking while the Agriculture Department funds more research annually on price supports and other tobacco subsidies and the Food for Peace program regularly sends tobacco to needy countries. Far better would it be for the government and the industry to put the millions they spend in advertising into a joint effort to develop alternative crops for tobacco farmers that would benefit, rather than harm, the public.
EXTENSIONS OF REMARKS

MEDICAL AND DENTAL EXPENSES

Medical and dental expenses (unreimbursed by insurance or otherwise) are deductible to the extent that they exceed 2% of your adjusted gross income (line 31, Form 1040).

Insurance premiums

One-half of medical, hospital or health insurance premiums are deductible (up to $150) without regard to the 2% limitation for other medical expenses. The remainder of these premiums may be deducted, but is subject to the 2% rule.

Drugs and medicines

Included in medical expenses (subject to 2% rule) but only to extent exceeding 1% of adjusted gross income (line 31, Form 1040).

OTHER MEDICAL EXPENSES

Other allowable medical and dental expenses (subject to 2% limitation):

- Abdominal supports (prescribed by a doctor).
- Acupuncture services.
- Ambulance hire.
- Anesthetist.
- Arch supports (prescribed by a doctor).
- Artificial limbs and teeth.
- Back supports (prescribed by a doctor).
- Braces.
- Capital expenditures for medical purposes (e.g., elevator for persons with a heart ailment)—deductible to the extent that the cost of the capital expenditure exceeds the increase in value to your home because of the capital expenditure. You should have an independent appraisal made to reflect clearly the increase in value.
- Crutches.
- Dental services (e.g., cleaning, X-ray, filling teeth).
- Dentures.
- Dermatologist.
- Eyeglasses.
- Food or beverages specially prescribed by a physician (for treatment of illness, and in addition to, not as substitute for, regular diet: physician's statement needed)
- Gynecologist.
- Hearing aids and batteries.
- Home health services.
- Hospital expenses.
- Insulin treatment.
- Invalid chair.
- Lab tests.
- Leprosy lesions (designed to overcome a handicap).
- Neurologist.
- Nursing services (for medical care, including nurse's board paid by you).
- Occupational therapist.
- Optometrist.
- Optician.
- Osteopath, licensed.
- Pediatrician.
- Physical rehabilitation.
- Physical therapist.
- Physician.
- Podiatrist.
- Psychiatrist.
- Psychologist.
- Psychoanalyst.
- Speech therapist.
- Splints.
- Supplementary medical insurance (Part B) under Medicare.
- Surgeon.
- Telephone/teletype special communications equipment for the deaf.
- Transportation expenses for medical purposes (7¢ per mile plus parking and tolls or actual fares for taxi, buses, etc.).
- Vitamins prescribed by a doctor (but not taken as a food supplement or to preserve general health).
- Wheelchairs.
- Whirlpool baths for medical purposes.
- X-rays.

Expenses may be deducted only in the year you paid them. If you charge medical expenses on your bank credit card, the expenses are deducted in the year the charge is made regardless of when the bank is repaid.

TAXES

Real estate.
- State and local gasoline.
- General sales.
- State and local income.
- Personal property.

If sales tax tables are used in arriving at your deduction, ordinarily you may add to the amount shown in the tax tables the sales tax paid on the purchase of the following items: automobiles, trucks, motorcycles, airplanes, boats, mobile homes, and materials used to build a new home when you are your own contractor.

When using the sales tax tables, add to your adjusted gross income any non taxable income (e.g., income from social security, veterans' pensions or compensation payments, Railroad Retirement annuities, workers' compensation, unhafted portion of long-term capital gains, dividends unhafted under the dividend emittance, interest on municipal bonds, unemployment compensation and public assistance payments).

Contributions

In general, contributions may be deducted up to 60 percent of your adjusted gross income (line 31, Form 1040). However, contributions to certain private nonprofit foundations, veterans organizations, or fraternal societies are limited to 20% of adjusted gross income.

Casualty contributions to qualified organizations for (1) religious, charitable, scientific, literary or educational purposes, (2) prevention of cruelty to children or animals, or (3) Federal, State or local governmental units (tuition for children attending parochial schools is not deductible).

Fair market value of property (e.g., clothing, books, equipment, furniture) for charitable purposes. (For gifts of appreciated property, special rules apply. Contact local IRS office.)

Travel expenses (actual or 7¢ per mile plus parking and tolls) for charitable purposes (may not deduct insurance or depreciation in either case).

Cost and upkeep of uniforms used in charitable activities (e.g., scoutmaster). Purchase of goods or tickets from charitable organizations (amount paid over the fair market value of the goods or services).

Out-of-pocket expenses (e.g., postage, stationery, phone calls) while rendering services for charitable organizations.

Care of unrelated student in your home under a written agreement with a qualifying organization (deduction is limited to $50 per month).

Interest

Home mortgage.
- Auto loan.
- Installment purchases (television, washer, dryer, etc.).
- Bank credit card—can deduct the finance charge as interest if no part is for service charges, loan fees, credit investigation fees, or similar charges.

Other credit cards—you may deduct as interest the finance charges added to your monthly statement, expressed as an annual percentage rate, that are based on the unpaid monthly balance.

Points—deductible as interest by buyer where financing agreement provides that they are to be paid for use of lender's money and if the charging of points is an established business practice in your area. Not deductible if points represent charges for services rendered or for the settlement amount (e.g., VA loan points are service charges and are not deductible as interest). Not deductible if paid by seller (are treated as selling expenses and represent a reduction of amount realized).

Penalty for prepayment of a mortgage—deductible as interest.

Revolving charge accounts—may deduct the separately stated "finance charge" expressed as an annual percentage rate.

Casualty or theft losses

Casualty (e.g., tornado, flood, storm, fire, or auto accident provided not caused by a willful act or willful negligence) or theft losses— the amount of your casualty loss deduction is generally the lesser of (1) the decrease in fair market value of the property as a result of the casualty, or (2) the amount you paid for the property (as a deductible loss), limited to the amount that you paid for personal use, by the $100 limitation. Report your casualty or theft loss on Schedule A. You may itemize casualty losses only if the item was involved in a single casualty or theft, or if you had more than one casualty or theft during the year, you may use Form 4684 for computing your personal casualty loss.
EXTENSIONS OF REMARKS

Additional Exemption for Age.—Besides the regular $750 exemption, you are allowed an additional exemption of $750 if you are age 65 or older by the end of the taxable year. If both a husband and wife are 65 or older on the last day of the taxable year, each is entitled to an additional exemption of $750 because of age. You are considered 65 on the day before your 65th birthday. Thus, if your 65th birthday is on January 1, 1979, you will be treated as having been 65 during the entire calendar year and will be entitled to the $750 exemption because of age for your 1978 Federal income tax return.

Zero Bracket Amount.—The "zero bracket amount" is a flat amount that depends on your filing status. It is not a separate deduction; the maximum amount is built into the tax tables and tax rate schedules. Since this amount is built into the tax tables and tax rate schedules, you will need to make an adjustment if you itemize deductions. However, itemizers will not experience any change in their tax liability and the tax computation will be simplified for many itemizers.

Educational expenses that are: (1) related to maintaining or improving skills for your employment, or (2) for maintaining or improving skills for your employment by a dependent of the taxpayer, are deductible. See line 37 of Schedule A (Form 1040), or a credit (line 38, Schedule B (Form 1040), for campaign contributions to a presidential candidate, to any Federal, national political party, or State or local committee of a national political party, or to any national political party, or (4) local committee of a national political party. The maximum deduction is $750. However, if you are not a dependent of the taxpayer, you and the person you support. However, it still may be possible for one of the individuals to be entitled to a $750 dependency deduction if the following requirements are met for multiple support:

1. Two or more persons—any one of whom could claim the person as a dependent if it were not for the support test—contribute more than half of the dependent's support.
2. Any one of those who individually contribute more than 10% of the mutual dependent's support, but only one of them, may claim the dependency deduction.
3. Each of the others must file a written statement that he will not claim the dependency deduction for that year. The statement must not be due to income tax return of the person who claims the dependency deduction. Form 2120 (Multiple Support Declaration) may be used for this purpose.

Sale of Personal Residence.—You may exclude from your gross income some or all of your gain from the sale of your principal residence, if you meet certain age, ownership, and occupancy requirements at the time of the sale. The requirements, and the amount of gain that may be excluded, differ depending on whether you sold your home before July 28, 1978 or after that date. The exclusion is elective, and you may elect to exclude gain only once for sales before July 28, 1978, and only once for sales on or after that date.

If you sold your home before July 28, 1978, and you were age 65 or older before the date of sale, you are entitled to exclude the gain attributable to $35,000 of the adjusted sales price if you owned and occupied the residence for 8 years under certain circumstances, Form 2119 (Sale or Exchange of Personal Residence) is helpful in determining what your basis was, and what your gain may be.

Additionally, you may elect to defer reporting the gain on the sale of your personal residence if within 18 months before or 18 months after the sale you buy and occupy another residence, the cost of which equals or exceeds the adjusted sales price of the old residence. Additional time is allowed if you construct the new residence; (2) you were on active duty in the U.S. Armed Forces; (3) your tax home was abroad. Publication 823 (Tax Information on Selling or Purchasing Your Home) may also be helpful.

Credit for the Elderly.—You may be allowed to claim this credit by reducing your taxes by the earned income credit, which may come as a refund check or be applied against any taxes owed. Generally, if you reported earned income and had adjusted gross income (line 31, Form 1040) of less than $8,000, you may be able to claim the credit.

Earned Income Credit.—If you maintain a household for a child who is under age 19, or is a student, or is a disabled dependent, you may be entitled to a special payment or credit of up to $400. This is called the earned income credit. It may come as a refund check or be applied against any taxes owed. Generally, if you reported earned income and had adjusted gross income (line 31, Form 1040) of less than $8,000, you may be able to claim the credit.

Energy Tax Act The Energy Tax Act of 1978 is directed at providing tax incentives for energy conservation measures and for conversion to renewable energy sources. A credit of up to $300 may be claimed for expenditures for energy conservation property installed in or on your principal residence, whether you own or rent it. The residence must have been substantially completed by April 20, 1977. Items eligible for the credit are limited to the following: insulation (fiberglass, cellulose, etc.) for ceilings, walls, floors, roofs, water heaters, etc.; exterior storm (or thermal) windows or doors; windows or doors; a furnace replacement burner which reduces the amount of fuel required by your heating system (for a heating system) more efficient; an electrical or mechanical furnace ignition system which filters out gas pilot light contaminant energy-saving setbacks thermostat; and a meter which displays the cost of energy usage.

Additional information

For any questions concerning any of these items, contact your local IRS office. You may also obtain helpful publications and additional forms by contacting your local IRS office.

Other tax relief measures

Required to file a tax return if: gross income is at least:

<table>
<thead>
<tr>
<th>Filing status</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single (under age 65)</td>
<td>$2,950</td>
</tr>
<tr>
<td>Single (age 65 or older)</td>
<td>$3,700</td>
</tr>
<tr>
<td>Qualifying widow(er) under 65 with dependent child</td>
<td>$3,950</td>
</tr>
<tr>
<td>Qualifying widow(er) 65 or older with dependent child</td>
<td>$4,700</td>
</tr>
<tr>
<td>Married (both spouse 65 or older)</td>
<td>$5,450</td>
</tr>
<tr>
<td>Married couple (1 spouse 65 or older)</td>
<td>$6,200</td>
</tr>
<tr>
<td>Married couple (both spouses 65 or older)</td>
<td>$7,950</td>
</tr>
</tbody>
</table>
A maximum credit for renewable energy source property is $2,200. Equipment used in the production or distribution of heat or electricity from solar, geothermal, or wind energy sources for residential heating, cooling, or other purposes may qualify for this credit. Energy credits may be claimed by completing Form 5665 and attaching it to your Form 1040. Credit for expenditures made after April 19, 1977, and before January 1, 1979, must be claimed on your 1978 tax return. Do not file an amended 1977 return to claim a credit for expenditure in 1977. Examples of items which do not qualify for energy credit are the following: carpeting, drapes, wood paneling, exterior siding, heat pump, wood or peat fueled residential equipment, fluorescent replacement lighting system, hydrogen fueled residential equipment, equipment using wind energy for transportation, expenditures for a swimming pool used as an energy storage medium, and greenhouses.

For further information, consult the instructions for Form 5665 and IRS Publication 958. Energy Credits for Individuals.

**HOUSE OF REPRESENTATIVES—Monday, January 22, 1979**

The House met at 12 o'clock noon. Chaplain James David Ford, B.D., offered the following prayer:

Almighty God, we give You thanks for the blessings of days past, with their measure of success and failure. Yet, always, O Lord, we look ahead to new opportunities and new beginnings. Grant to this assembly, and to all Your people, strength of character and integrity of purpose; make us all sensitive to those who suffer, who are in peril or need, who feel forgotten and alone, and give us the spirit of grace and compassion as we face the cares of each new day.

This we pray. Amen.

**THE JOURNAL**

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

**MESSAGE FROM THE PRESIDENT**

A message in writing from the President of the United States was communicated to the House by Mr. Chidron, one of his secretaries.

**MESSAGE FROM THE SENATE**

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:


The message also announced that the Senate had passed resolutions of the following titles:

S. Res. 16

Resolved, That the Senate has heard with profound sorrow the announcement of the death of the Honorable Leo J. Ryan, late a Representative from the State of California.

S. Res. 24

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit an enrolled copy thereof to the family of the deceased.

S. Res. 17

Resolved, That the Senate has heard with profound sorrow the announcement of the death of the Honorable Wllliam A. Steiger, late a Representative from the State of Wisconsin.

**ANNOUNCEMENT BY THE SPEAKER**

The SPEAKER. The Chair desires to announce that pursuant to the authority granted by law on Thursday, January 18, 1979, the Speaker did on that day sign the following enrolled bill:


**COMMUNICATION FROM THE CLERK OF THE HOUSE**

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:


HON. THOMAS P. O'NEIL, JR.,
The Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the permission granted on January 18, 1979, the Clerk has received this date the following messages from the Secretary of the Senate:

That the Senate passed without amendment H.J. Res. 1, to extend the time for filing the Economic Report; and

That the Senate passed without amendment H. Con. Res. 1, providing for a joint session of Congress to receive a message from the President on the state of the Union.

With kind regards, I am,

Sincerely,

EDMUND L. HENSHAW, JR., Clerk, House of Representatives.

**COMMUNICATION FROM THE CLERK OF THE HOUSE**

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:


HON. THOMAS P. O'NEIL, JR.,
The Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I have the honor to transmit herewith a sealed envelope from the White House, received in the Clerk's Office at 2:42 p.m. on Friday, January 19, 1979, and said to contain a message from the President wherein he transmits his report on the White House Conference on Balanced National Growth and Economic Development.

With kind regards, I am,

Sincerely,

EDMUND L. HENSHAW, JR., Clerk, House of Representatives.

**COMMUNICATION FROM THE CLERK OF THE HOUSE**

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:


HON. THOMAS P. O'NEIL, JR.,
The Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: The President, wherein he transmits his report on the White House Conference on Balanced National Growth and Economic Development.

To the Congress of the United States:

In fulfillment of a requirement of P.L. 94-487, October 12, 1978, I am transmitting my report on the White House Conference on Balanced National Growth and Economic Development. For many weeks preceding the final Conference, there were State and regional Conferences organized like town meetings, giving citizens and elected officials an opportunity to exchange views on the critical issues of growth and development. Held in Washington on January 29 through February 2, 1978, the Conference was attended by more than 700 individuals from all parts of the country. Important outcomes of the Conference was the general agreement among the delegates that no massive new Federal spending programs were needed. Instead, they called for more effective government, more balanced decisions, and a real partnership among levels of government and the private sector in meeting persistent social and economic problems. This theme has been an invaluable guide in helping shape the growth and development policies of my Administration.

We are indebted to those who participated in the Conference. It could have been so controversial or so sterile that no useful purpose was served. Instead, it provided many constructive insights to help shape future growth and development policy in this country.

JIMMY CARTER,