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AREA REDEVELOPMENT ACT AMENDMENTS

GOVERNMENT
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HEARINGS BEFORE THE COMMITTEE ON BANKING AND CURRENCY HOUSE OF REPRESENTATIVES EIGHTY-EIGHTH CONGRESS FIRST SESSION ON S. 1163 AN ACT TO AMEND CERTAIN PROVISIONS OF THE AREA REDEVELOPMENT ACT

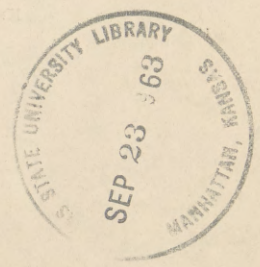
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JULY 29 AND 30, 1963

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AREA REDEVELOPMENT ACT AMENDMENTS

MONDAY, JULY 29, 1963

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 1310, Longworth House Office Building, Hon. Wright Patman (chairman) presiding.

Present: Representatives Patman, Rains, Reuss, Vanik, Moorhead, Stephens, Pepper, Weltner, Hanna, Wilson, White, Widnall, Siler, Harvey, Bolton, Brock, Taft, McDade, Talcott, and Clawson.

(S. 1163 follows:)

[S. 1163, 88th Cong. 1st sess.]

AN ACT to amend certain provisions of the Area Redevelopment Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Area Redevelopment Act Amendments of 1963."

SEC. 2. Experience has shown that certain modifications and increased appropriations are necessary to achieve more fully the purposes for which the Area Redevelopment Act was enacted. It is the purpose of this Act to make these changes in order to insure a continuing and effective program of Federal economic assistance to areas distressed by substantial and persistent unemployment and underemployment.

SEC. 3. Section 5(a) of the Area Redevelopment Act is amended by adding after the last sentence thereof the following: "Whether the necessary facts and data with respect to areas being considered by the Secretary for designation as redevelopment areas are not available or are incomplete, the Secretary of Labor shall find the facts and provide the data needed in making the determinations required by this subsection for such areas."

"The Secretary shall also designate as a 'redevelopment area' any area within the United States where the Secretary of Labor determines that a condition of substantial unemployment has existed for at least nine of the preceding twelve calendar months, and the Secretary of Health, Education, and Welfare certifies to the Secretary that the number of Cuban refugees residing in such area has equaled fifty thousand or more for one of the two preceding calendar years."

SEC. 4. (a) The first sentence of section 5(b) of the Area Redevelopment Act is amended by inserting "Federal or State" after "including".

(b) Section 5(b) of such Act is further amended by inserting before the next to the last sentence thereof the following:

"Counties or other areas which qualify as 'redevelopment areas' under the preceding provisions of this subsection may be grouped into appropriate redevelopment areas; and the Secretary in his discretion may include in any redevelopment area designated under this subsection contiguous counties or parts thereof in order to form economic development areas."

SEC. 5. Section 6(b) of the Area Redevelopment Act is amended—

(1) by striking out "\$100,000,000" wherever it appears in paragraph (1) and inserting in lieu thereof "\$250,000,000";

(2) by striking out "only after" in subparagraph 9(B) and inserting in lieu thereof "in no shorter period of time and at no faster an amortization rate than", and by striking out "has been repaid in full" and inserting in lieu thereof "is being repaid"; and

(3) by adding at the end thereof a new paragraph as follows:

"(11) No such assistance shall be extended to any foreign concern to establish plants or facilities, or to establish or expand branch plants or facilities, in the United States."

SEC. 6. Section 7(c) of the Area Redevelopment Act is amended by striking out "\$100,000,000" and inserting in lieu thereof "\$150,000,000".

SEC. 7. Section 8(d) of the Area Redevelopment Act is amended by striking out "\$75,000,000" and inserting in lieu thereof "\$175,000,000, to remain available until expended when so specified in appropriation Acts,".

SEC. 8. Section 11 of the Area Redevelopment Act is amended—

(1) by striking out "\$4,500,000" and inserting in lieu thereof "\$10,000,000"; and

(2) by inserting before the last sentence the following: "The Secretary, in his discretion, may require repayment of the assistance provided under this section and prescribe the terms and conditions of such repayment. Receipts from such repayments shall be credited to the appropriation available for assistance under this section which is current at the time of repayment."

SEC. 9. Section 12(10) of the Area Redevelopment Act is amended—

(1) by striking out "(not in excess of six months) service" and inserting in lieu thereof "(not in excess of one year) or intermittent services"; and

(2) by striking out "allowed transportation and not to exceed \$15 per diem in lieu of subsistence and other expenses" and inserting in lieu thereof "paid actual travel expenses and per diem in lieu of subsistence and other expenses at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time".

SEC. 10. Section 16 of the Area Redevelopment Act is amended by adding at the end thereof the following new subsection:

"(g) No training or retraining authorized under this section shall be carried out in order to assist an establishment which itself would not be eligible for assistance under section 6 of this Act by reason of relocating from one area to another. The Secretary of Labor shall not approve any training or retraining assistance unless he is satisfied, and unless the appropriate State employment or vocational training agency has certified, that such training (1) will not assist any company or it affiliate, subsidiary or other business entity under its direct or indirect common control that has relocated from one area to another after the date of the enactment of this Act, and within two years prior to the date of such approval, and (2) will not assist any business entity to expand in such a way as to cause the unemployment of its regular employees in any other area where the business entity conducts business operations."

SEC. 11. The first sentence of section 21 of the Area Redevelopment Act is amended by striking out "and undertaken by public applicants".

SEC. 12. Section 23 of the Area Redevelopment Act is amended by striking out the period at the end thereof and inserting in lieu thereof the following: ", and when so specified in appropriation Acts such sums shall remain available until expended. Funds appropriated for the purpose of extending financial assistance under sections 6 and 7 shall be deposited in the area redevelopment fund in the Treasury of the United States. The fund shall pay into the general fund of the Treasury, at least annually, interest on the net amount of the capital so deposited which is used for such assistance, computed in such manner and at such rate as may be determined by the Secretary of the Treasury in accordance with this section. The rate for capital used under section 6 shall not be greater than the current average yields on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the time when the money is used. The rate for capital used under section 7 shall not be more than the higher of (1) 2½ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt computed at the end of the preceding fiscal year and adjusted to the nearest one-eighth of 1 per centum."

SEC. 13. (a) Paragraph (B) of section 103(a) (2) of the Housing Act of 1949 is amended to read as follows:

"(B) three-fourths of the aggregate net project costs of any such projects which are located in (i) a municipality having a population of fifty thousand or less according to the most recent decennial census, or (ii) a municipality situated in an area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may

specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act, and".

(b) The amendment made by subsection (a) shall apply with respect to all urban renewal projects not completed prior to the date of enactment of this Act.

Passed the Senate June 26, 1963.

Attest:

FELTON M. JOHNSTON,
Secretary.

The CHAIRMAN. The committee will please come to order.

This morning the committee will hear testimony on the changes made by the Senate in the area redevelopment bill. Specifically, we will expect to hear comments on S. 1163 with particular attention to the eight changes made in the legislation as compared to the bill, H.R. 4996, which the committee reported on May 6, and which the House rejected by a vote of 209 to 204.

This morning we are delighted to have the Honorable Franklin D. Roosevelt, Under Secretary of Commerce; the Honorable William L. Batt, Jr., Area Redevelopment Administrator; and Mr. Harold W. Williams, Deputy Administrator to the Area Redevelopment Administration.

Secretary Roosevelt, we will hear from each of you and then the committee will direct questions to you.

If you have a prepared statement, you may proceed in your own way, sir.

Mr. WIDNALL. Mr. Chairman?

The CHAIRMAN. Mr. Widnall.

Mr. WIDNALL. I would like to make this statement for the record.

On Thursday, July 25, the minority having received the notice of an executive session on Tuesday, July 30, asked for hearings to be held. I discussed this with Chairman Patman and later on at his instructions further discussed the same with Mr. Johnson, our clerk and staff director, and on Friday afternoon I received a call from Mr. Patman saying that hearings would be scheduled for Monday a.m., and that there would be only 1 day of hearings, that three witnesses would be called, and we were given the names of the three that are here today, and also that the minority would have an opportunity to have witnesses that day.

At that time, I told our chairman that, to me, there did not seem to be sufficient time, that we would like to have time to bring other witnesses in, that the matter before us was a highly controversial issue, and that we felt that it should be given a full hearing before the committee.

We have not been afforded sufficient time to secure witnesses for today, and I am sure that there are more than enough questions for the three witnesses here to take us through 2 days of hearings alone.

At this time, also, I want to give notice that if we go through with the present plans to have a session tomorrow to consider the bill, that we will move to insist upon an open session at that time in accordance with the previous agreement of the full committee, so that full opportunity can be given to the public to know what the record is in this case.

The CHAIRMAN. In reply to the distinguished minority member concerning these hearings, it is true I received a letter Friday morning concerning hearings. Mr. Widnall sent me the letter. I got in touch with him immediately, I believe that morning, as to when the hearings could be conducted, and we discussed it.

I told him that the only day that appeared to be desirable would be Monday—we couldn't do it on Wednesday—and Monday, preceding the session of the House, seemed to be the best time for a meeting to decide whether or not we should report the bill out, and, if so, in what form.

If the minority members had gotten hold of me on Thursday afternoon, we could have very quickly agreed, and they would have had one more day in which to get their witnesses. But it seems to me that the period from Friday until Monday provides several days to get witnesses in a matter of this kind, and I hope they have not been inconvenienced, and I hope we can have their cooperation and not unduly delay this bill.

It is a very important bill. It has been thoroughly considered by this committee from every angle and every standpoint. Every amendment offered by the minority, or any other member, or member of the majority was considered by this committee and actually voted on by the committee.

We have given full and complete and exhaustive hearings in every way, shape, form, and fashion we know how, and we cannot imagine anything new that could possibly arise in connection with this bill.

I have a feeling that by the time the amendments are adopted that the bill will be approved by the majority members. I hope they will; as amended the bill is sufficiently changed so that the minority members will probably want to vote for it, and certainly not do anything to unduly retard it or deter its consideration on the floor of the House.

We have to do something soon. The program is greatly handicapped, and I hope that we will have the cooperation of our fine minority members, certainly to the extent that no undue obstacles will be placed in the way of fair and adequate consideration.

Mr. WIDNALL. Mr. Chairman, may I state that we discussed the changes that had been made in the Senate from the original bill that was defeated in the House. As I recall, there were eight changes, and many of them of a major nature that we felt merited thorough hearings, because the changes, in the criteria of eligibility and the areas that would be included made a considerable difference in impact throughout the entire country.

(Discussion off the record.)

Mr. RAINS. May I make a statement, Mr. Chairman?

First of all, I can see, Mr. Chairman, that my good friend Mr. Widnall is not really concerned about the consideration of the bill because there isn't a person on this committee but what knows every angle of the ARA bill up and down, back and forth. We have heard the testimony so long until it is tiresome, as a matter of fact, and there won't be any new amendments offered other than the ones that have already been considered. There won't be any new questions asked but what have already been asked.

So I can't see any need in having long and extended hearings on a bill that we already have handled.

Mr. HARVEY. Will the gentleman yield right there?

Mr. RAINS. I will in a minute.

I think, as the chairman indicates, that we must proceed as expeditiously as we can if we are going to pass it because we are going to get into some other legislation a little later which will tie us up. I would like to get on with the bill if we can, and may I say to my good friend, Mr. Widnall, I hope this is a good omen because I am voting for the ARA bill and the cotton bill. I yield.

Mr. HARVEY. The gentleman said there was nothing new in this bill.

Mr. RAINS. I didn't say that.

Mr. HARVEY. I certainly beg to differ with him.

If the gentleman will wait a minute here, there are some five or six changes in this bill which are pretty significant. There is a whole new theory of this Area Redevelopment Administration and the administration of it, this Appalachian theory which I have heard, for I don't know how long ago it was, and now I find it contained in this new Senate bill, a whole new approach to area redevelopment. It seems to me we haven't considered that at all. We are no longer talking about depressed counties across the United States any more. We are talking about rural development areas and this whole new approach.

I would just say to the gentleman and to the committee that I was astounded when my office called me on Saturday morning and told me that we had gotten notice that there were going to be hearings this morning on a bill as important as this, with the pace that this Congress has been going for the last 6 months and with the projected future that we have laid before us, I was astounded to learn that the majority would try and rush this through in this sort of fashion.

I can only say that in my mind all this does is lend credence to the charges that were contained in the paper last week that a deal had been made and that this action in trying to get this through just goes to establish that fact.

I would think that if the chairman and the distinguished gentleman from Alabama wanted to lay to rest those charges, that certainly the way to do it would be to give us the time and the opportunity to review these things.

Mr. RAINS. I want to say to the gentleman—I yielded to you—I am not trying to lay at rest any charge that I want to pass two bills. I am for both of them. So from that standpoint I don't want to mislead you.

But, from the second standpoint, when we have already lost a bill less than the Senate bill has on the floor of the House, he should know that this committee, the majority of this committee, is not about to try to pass the Senate bill, which is a more comprehensive bill than we had in the first instance—I would suggest to the gentleman that he wait and see what the majority is about to offer, and I wouldn't be surprised if the chairman didn't state rightly before we get through you may vote for it, because we have been around here long enough to know that we can't now pass a bigger bill than we lost the first time.

So a lot of the things you are talking about I have an idea—certainly if I can have some amendments—I am going to offer a bunch of them—won't be in the bill that we are about to consider.

Mr. HARVEY. I don't know, either. I will say to the gentleman, I had a telephone call from a witness in Detroit, not in my district, but in the State of Michigan that I represent, telling me he wanted to come down here to these hearings at his own expense, pay his own way, and tell this committee what he thought of the administration of this agency in the State of Michigan.

Mr. RAINS. You could have done that heretofore, you know that, don't you?

Mr. HARVEY. I said as soon as I am advised of these hearings I will let you know, so you can immediately get in touch with the staff. I was astounded to learn this on Saturday morning.

Mr. RAINS. You have been over this bill at least three or four times.

The CHAIRMAN. May I state that I hope we can wind this up now and get started with our work.

I can lay to rest the question of a deal. There has been no deal. I think I would know it, and on my word of honor there certainly has been no deal. I state that positively and emphatically, without any mental reservation of any kind whatsoever. There has just been no deal.

Of course there are a lot of Members like Congressman Rains here who expect to vote for both bills. They want to get both of them out, and many feel that it is better for the ARA to come first.

I don't know whether they are right or not. I haven't considered it. I don't know. I just know that this bill is before our committee and we must expedite it.

The committee is vulnerable and we are being criticized. We stress the Export-Import Bank's provision of relief to all the countries in the world except the Iron Curtain countries, and we deny our own people here the opportunity of even making application for aid that they would get if they lived in Mexico just below the Rio Grande, or in any of the South American countries, or in the other countries in the world except the Iron Curtain countries. Yet we are holding back and not passing a bill to help our own people under the same circumstances. The same thing is true with the International Finance Corporation. The same thing is true with at least five agencies of our Government. Three of them are owned wholly by the United States and financed exclusively with U.S. money; yet we deny our own people the opportunity of getting the same relief that people are getting in other countries of the world. We are vulnerable. We are being criticized.

And if we further delay this opportunity I think we would be criticized even more severely and we would be deserving of criticism if we were not willing to give our own people the same fair consideration in making our own money available that we give all the other countries of the world except the Iron Curtain countries.

So if you gentlemen will be patient with us and let us present this case today with the witnesses we have here, and then bring in the amendments that are being proposed, I believe you are going to be agreeably surprised and vote for this bill.

Mr. BOLTON. Mr. Chairman?

The CHAIRMAN. Mr. Bolton.

Mr. BOLTON. May I make a statement there?

As far as I understand the parliamentary situation, what action the House has taken on any similar item to date has no bearing. The fact is that we have a Senate bill in front of us which is the bill under consideration. The fact, further, is that this bill has new matters in it.

The fact, further, is that at least as far as I, myself, am concerned that as far as some of the amendments which we discussed and were not passed by this committee when the other bill was under consideration, new matters and new facts have been brought to my attention, which I would like to bring out in the hearing, which I think the facts on should be available for consideration of the House, when and if that matter comes before the House, whether in the original bill which comes out of this committee or whether it comes from a conference report.

I would say to the chairman that I can fully appreciate the situation in which he finds himself, and as always I want to work with the chairman. I have been one who has tried to push the bills out of this committee that have been before us, and I admit right there I would hope that the chairman would use his best offices to see if mass transit cannot be pushed so that we can consider this on the floor and deal with this, also, at this session.

But I would say to the chairman that there is much new matter in this bill which I think needs consideration and needs some detailed facts before this committee, before we can adequately consider the matters therein, either here or later on the floor of the House.

Mr. TAFT. Mr. Chairman?

The CHAIRMAN. Mr. Taft.

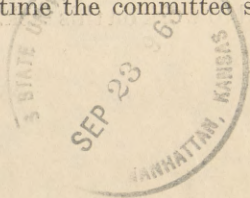
Mr. TAFT. I would like to bring up a problem that has arisen with regard to completing these hearings this morning.

When the bill was originally before this committee, I introduced an antidiscrimination amendment to the bill. Then when the bill came to the floor after this committee had turned down that amendment, I took the floor and explained that I was not going to introduce it again because at that time the President had indicated in his civil rights message, the civil rights bill not yet having been introduced, that he expected to deal with this problem, so I didn't introduce it on the floor of the House.

Since that time, the President's bill has come in and contains title VI, which, in my opinion, is wholly inadequate to take care of the antidiscrimination provision.

For that reason, I expect to introduce an amendment or a variation of the amendment I introduced here before both in this committee, and if not adopted in this committee, on the floor.

In that regard, Mr. Clarence Mitchell, the director of the Washington bureau of the NAACP, would very much like to testify in regard to this matter, and I think with the changes that have arisen in the civil rights legislation picture since that time the committee should be interested to hear what he has to say.



I hoped he would be able to be present this morning, although with the other witnesses it seems to me very doubtful whether he could be heard even if he were. But I have just received word that he isn't going to be able to be present at this morning's hearings, and I would request that some other hearings be arranged at which he would have an opportunity to appear and explain his position and the position of his organization with regard to such an amendment.

The CHAIRMAN. The gentleman was advised by the chairman that he would be allowed to present this witness any time of day or night, because we hope to have these hearings completed today some time, even if we have to have a night session; then we will vote on whether or not we should have additional hearings. I think that would be fair.

Mr. TAFT. The gentleman might be able to be present this evening, Mr. Chairman. That is what I wanted to know.

The CHAIRMAN. I beg your pardon?

Mr. TAFT. I said the gentleman might be able to be present later in the day.

The CHAIRMAN. I have no objection to hearing the witness. In fact, if you want him heard, he will be heard. But let's not delay the proceedings. Let's not put ourselves in the position of helping all the countries on earth with our money, and refusing to do so right here in the United States where we have situations that are just as desperate and just as critical. Mr. Roosevelt, you may proceed.

STATEMENT OF HON. FRANKLIN D. ROOSEVELT, JR., UNDER SECRETARY OF COMMERCE

Mr. ROOSEVELT. Thank you, Mr. Chairman, and members of the committee. I very much appreciate the opportunity of testifying on S. 1163.

Before proceeding with my statement in support of the bill you are now considering, I want to extend Secretary's Hodges' regrets that commitments made earlier prevent his being here in person to express his continued support for the ARA program. Secretary Hodges and Secretary Wirtz are holding a meeting of the President's Committee on Labor-Management today, and because that has been scheduled for some time he could not be here.

I am appearing before you today not only on behalf of the area redevelopment program; not only on behalf of the Department of Commerce; not only on behalf of the Kennedy administration; I also come to ask for help for the 36 million Americans who live in areas of economic distress—and more particularly for the 1.4 million Americans in these areas who are unemployed or underemployed primarily because they live in the wrong place.

Over 2 years ago this administration, this committee, and the Congress of the United States decided that the depressed area problem called for national action. The Area Redevelopment Act was passed; the Area Redevelopment Administration was established, and we started to work on this task.

May I say that the method this committee and the Congress chose to ease area joblessness was typically American. We looked to private enterprise, local initiative, and repayable investments to do the job.

Beginning prudently, the Congress wisely chose a comparatively low figure. Congress was aware that if the program succeeded, additional authorizations would be necessary. The program turned out to be successful. It was soon apparent that additional authorizations would be required. And the administration returned to Congress this year with a request for \$455 million additional authority.

This committee agreed, and it reported the Area Redevelopment Amendments of 1963. Unfortunately, that bill was narrowly defeated on the floor of the House by five votes.

In the meantime a separate bill was passed in the Senate. Containing many provisions similar to the bill considered by the House previously, the Senate bill received widespread bipartisan support, and was passed by a 65-30 vote.

This bill is now before you. I urge its favorable consideration.

The area redevelopment program is one of cooperation between the Federal Government, State and local communities, and private business to relieve economic distress and provide new, permanent jobs.

In this respect, the area redevelopment program differs from the accelerated public works program, the so-called APW program. I have noticed some confusion between these two programs which the Congress has adopted, both of which are administered by the Area Redevelopment Administration.

As I indicated, the ARA program, which you are considering today, is to work with private industries to rebuild the economies of communities in depressed areas such as Appalachia. It is a slow process, and it depends on finding feasible business projects, and it is succeeding.

The APW program is a public works program designed to provide quick jobs while building needed public facilities. It involves grants, rather than loans, and deals with public officials who understand Government programs. We have discovered that a large backlog of needed projects have been on the shelf in many areas waiting for a program which would make it possible to finance them.

The success of both these programs is evident in the light of the increased growth rate in the country and the tremendous improvement in the economic strength of the country in the past 2 years.

At this point, I would like to bring the committee up to date with the latest facts and figures bearing upon the operation of the ARA program and the need for increased authorizations to keep the program going—a need that has become ever clearer in the 3 months since Secretary Hodges appeared here last.

Then I would like to review with the committee our position on the various changes in this bill as compared with the previous bill which was reported by the committee.

Let me deal with the statistics first. The following table shows our financial picture today.

(The table referred to follows:)

[In millions of dollars]

1.	Total authorized 1961 act.....			375
	Less lapse of grant appropriation.....			35
	Available.....			340
	Approved (370 projects).....			165
	Pending.....			278
	Total.....			443
2.	Authorized—industrial loans, urban areas.....			100
	Approved.....			32
	Pending.....			81
	Total.....			113
	Estimated approvals by June 30, 1965.....			231
3.	Authorized—industrial loans, nonurban areas.....			100
	Approved.....			48
	Pending.....			150
	Total.....			198
	Estimated approvals by June 30, 1965.....			255
		Loans	Grants	Total
4.	Authorized—public facility.....	100	75	175
	Appropriation lapse.....		-35	-35
	Net Authorization.....	100	40	140
	Approved.....	45	40	85
	Pending.....	16	31	47
	Total.....	61	71	132
	Estimated approvals by June 30, 1965.....	121	108	229

Mr. ROOSEVELT. As the above table shows, the first ARA authorization amounted to \$375 million for loans and grants. Of this amount, \$165 million has been approved for 370 projects; \$35 million represents amounts appropriated, and not spent and therefore lapsed, and the balance of \$175 million remains available for obligation.

Against this \$175 million ARA has projects which it is now processing which total \$278 million. These are projects which have been approved by local committees and State agencies. Even if only half of them qualify for final approval by ARA, our present authorizations will just about be used up by December 31, 1963, under present scheduling.

And we are receiving new projects at a rate of over \$1 million per day.

Our projections of current rates of approval, which have been increasing every quarter, tell us that we will probably need every penny of the additional authorizations requested in order to keep the program going until the end of fiscal year 1965, which will be the end of the 4-year test period originally set up by Congress.

These are the total figures. If we break them down by the appropriate section of the act, the picture is roughly the same.

We were authorized \$100 million in the original bill to make loans for commercial or industrial purposes in urban areas. We have approved \$32 million of this total, and have pending an additional \$81 million, which will clearly amount to more than the present authorization. Projections of our recent application rates indicate that we will approve \$231 million of this type of project by the end of fiscal year 1965. Over one-third of our total approvals have occurred since Secretary Hodges was before the committee in April, an indication of how rapidly the pace is increasing.

The original bill also provided \$100 million for commercial or industrial loans in nonurban areas. We have now approved \$48 million of this authorization and have pending \$150 million. Our experience has been such that we can expect to approve \$255 million in commercial or industrial loans in nonurban areas by the end of fiscal year 1965. Since Mr. Hodges last appeared before your committee, industrial loan approvals in nonurban areas have increased from \$27 million to \$48 million. The pace may accelerate well beyond our current projections.

Let us turn now to public facility projects. Where the original bill provided authority for \$100 million in loans and \$75 million in grants, we have approved \$45 million of public facility loans and \$40 million in grants. However, \$35 million in appropriations for grants lapsed so that our grant authority is completely exhausted. At current rates, we can expect applications for public facility projects to total almost \$500 million by the end of fiscal year 1965, and at present rates of approval these \$500 million of appropriations would result in loan approvals of \$121 million and grant approvals of \$108 million. When Secretary Hodges last appeared before the committee, we had approved \$43 million in public facility projects. As of last week, public facility project approvals totaled \$85 million, so that we can say almost half of our total approvals have occurred within the last 4 months.

We estimate that the increased authorizations will make it possible for us to help communities create an additional 250,000 jobs. How did we arrive at this figure?

Over 55,000 direct new jobs will have been created when those projects which have already been approved result in anticipated employment. These estimates are based upon figures supplied to ARA by project applicants on application blanks which contain the usual reminders of severe penalties for false statements. They are checked insofar as it is possible with payroll projections listed on the pro forma operating statements. We are convinced that these estimates are reasonable. Where we have had an opportunity to check them we have found some instances where they understated the real increase in direct new jobs and some instances where there appears to be an overstatement.

Most job estimates are based upon employment after 1 year of operation and few ARA projects have been operating that long. Therefore, it is difficult to give figures based on experience. However, we believe that our estimates are realistic and will eventually prove to be valid.

We use the conservative figures released by the U.S. Chamber of Commerce to establish a multiplier of 65 indirect jobs for every 100 direct jobs. Applying this multiplier to 55,000 direct jobs gives an estimated total of over 90,000 jobs which will be created by projects already approved.

The total Federal investment for these 90,000 jobs amounts to about \$165 million or an investment of slightly less than \$1,800 for each direct and indirect job. If this investment per job rate continues through the balance of the present authorization which is approximately \$175 million, we can see an additional 100,000 jobs created for a total of 190,000 jobs out of the original authorization of \$375 million. And if the same formula holds up throughout the disbursement of the \$455 million requested in the new authorization the result will be 250,000 additional jobs.

It is, of course, misleading to talk about the ARA "cost" of creating a new job. About 80 percent of ARA disbursements will be in the form of loans which are repaid to the Federal Government with interest. In addition, when an unemployed person goes on a payroll he once again begins to pay taxes, he is no longer drawing unemployment payments or welfare assistance. For one ARA project which was studied in some depth, it is estimated that the Federal investment will be returned in the form of income taxes plus reduced welfare and unemployment costs in less than 2 years. While ARA makes only a one-time investment, this repayment to the public occurs over and over and over again.

As it stands now, ARA's grant authority has expired completely, and we have so many applications pending for industrial or commercial loans that we do not encourage the submission of any more. Indeed, if this bill fails, we do not see how we can even accept any new applications.

In short, the program which Congress designed to test for 4 years will be exhausted in 2½ years, so great has been the need of our hard-hit communities for help in combating their unemployment.

A word should be said about the eight changes contained in the version of S. 1163 now before you from the version reported by this committee on May 6. It might be helpful to you to have our comments on each of these amendments, although most of them are mainly technical and will not significantly alter our present program.

There have been two changes proposed for section 5(a) of the basic act, which can be found in section 3 of the bill before you. The first would require the Secretary of Labor to find the facts and provide the data required for designation of 5(a), or urban, areas where such information is not otherwise immediately available. We see no objection to this amendment, since it would merely supplement and clarify the Secretary's existing responsibilities under that section to find the facts and provide the data required for designations of urban areas.

The second change, which makes it possible to designate the Miami area, deals with a problem to which this committee has already devoted considerable time and attention, namely the economic effect of the large influx of Cuban refugees. We recognize the gravity of the problem, and if the Congress desires to amend the Area Redevelopment Act to attempt to provide some measure of relief to this area, we will gladly cooperate to the best of our ability.

The third amendment, section 4(a) of the bill before you, would amend section 5(b) of the basic act to make State as well as Federal Indian reservations eligible for assistance, provided they meet the same criteria for designation as the Federal reservations. The Senate committee report states that only 15 such reservations are expected to be included in the program under this language.

Mr. WILSON. Mr. Chairman, I wonder just a moment—Mr. Roosevelt made mention of the second change but didn't say where it was located in the bill, the one that had reference to the Miami situation.

The CHAIRMAN. Will you identify it in the bill, please, Mr. Roosevelt?

Mr. ROOSEVELT. Yes, sir; that is under section 5(a), which can be found in section 3, I believe. It is on page 2 of the bill. It starts with line 9:

The Secretary shall also designate as a redevelopment area any area within the United States where the Secretary of Labor determines that a condition of substantial unemployment has existed for at least 9 of the preceding 12 calendar months, and the Secretary of Health, Education, and Welfare certifies to the Secretary that the number of Cuban refugees residing in such area has equaled 50,000 or more for 1 of the 2 preceding calendar years.

The CHAIRMAN. Is that the information you desire?

Mr. WILSON. Yes, thank you.

The CHAIRMAN. You may proceed, sir.

Mr. ROOSEVELT. I am talking about the Senate's inclusion of 15 State Indian reservations.

While we would agree that such State reservations should receive equal treatment with Federal reservations, we believe that an appropriate restriction should be contained in the report of this committee to emphasize that the amendment is intended to cover only presently existing reservations, and not those which may hereafter be established in view of the benefits which may be provided under this amendment.

The fourth change, contained in section 4(b) of the bill before you, merely makes more explicit the authority and discretion the Administrator already has to group two or more contiguous counties or other areas into a single redevelopment area when there is reason to do so. This amendment would have no substantive effect on our present program.

The fifth change, beginning on line 18 of page 3, would prohibit financial assistance to foreign firms. While we are in harmony with the obvious objective of this amendment, namely to preserve the benefits of the ARA program to the domestic economy and to permanent residents of the United States, we believe that the language of the Senate bill might appropriately be modified to allow industrial undertakings by foreign investors in this country, provided that this country and its citizens are substantially benefited thereby in the creation of job opportunities, the collection of taxes, and other associated economic activity.

Many of our largest corporations, for example, have a substantial investment of foreign capital, and yet they provide many thousands of jobs for American workers and contribute significantly to our gross national product.

The important question is not who owns a majority of stock in a given company, but whether it can and will create new jobs for the unemployed in the redevelopment areas of this country. From the point of view of men out of work, employment and not ownership ought to be the test, particularly where the firm is incorporated in this country and subject to American laws.

Therefore, if language limiting loans to foreign firms is to be adopted, we would hope that it would not have the effect of prohibiting projects where the Secretary of Commerce finds that the principal benefits to be derived from the project will be in new job opportunities for American workers.

A sixth difference in the Senate bill is not a new amendment but the omission of any amendment to eliminate ARA's Treasury borrowing authority, contained in section 9 (a) of the act.

We are, of course, in accord with the view of the Senate and the administration that Treasury borrowing authority permits a loan and grant program to operate with greater flexibility and continuity than is possible under an annual appropriations process. However, because of restrictions imposed by the Appropriations Committees in providing funds for administrative expenses, we have never been able to use our borrowing authority, although our appropriations to date have always been sufficient for our needs.

In view of the difference of opinion on this matter between the two Houses, therefore, we believe that the question of whether to include such an amendment should be left up to the Congress, and we will be happy to abide by whatever decision you make in this regard.

The seventh change is the amendment to section 16 of the act, set forth on page 5 of the bill, which would explicitly apply the relocation prohibition of section 6 to the ARA worker retraining program. We are fully in accord with this amendment, and we would point out that we have always attempted administratively to carry out the obvious intent of Congress in this matter with regard to all assistance under the act, even without the additional language. And we will continue to do so.

The final change in the bill entails an amendment, not to the Area Redevelopment Act, but to the urban renewal program of the Housing and Home Finance Agency. While the change would pertain to redevelopment areas, because of the unexpectedness with which this hearing came up, we have not had an opportunity to confer with the Housing and Home Finance Administrator on the proposal. Regardless of its merits, however, we believe that since HHFA will be primarily affected by the change, we should defer to his judgment in the matter and refrain from further comment.

Mr. Chairman, it has been stated many times that the conditions which lead to the economic deterioration of so many areas in this country did not develop overnight. And these areas will not be cured overnight. Economic development is a long, slow, sometimes painful process. In an editorial the other day, the Area Digest estimated that it takes at least 3 years for a development program to show results. Even that estimate may be optimistic.

If you were to ask me what ARA has actually and specifically accomplished as of today, I would have to say first that, although it may be hard to measure, I am convinced that ARA has played an impor-

tant role in restoring our country to its present high rate of prosperity. But, second, and perhaps of equal importance, I would have to tell you that we have given hope to people who had lost hope.

There are three stages through which we will pass in our relationships with the redevelopment areas. First, there is despair. Next, there is hope. Last, there is accomplishment.

We have replaced despair with hope in many, many areas where the people had given up. We are now on the verge of accomplishment.

This is the crucial moment. If the Government of the United States must now tell the people living in distressed areas that their economic development programs can go so far and no further, I am afraid that their new sense of hope and pride will quickly be replaced by their old feelings of frustration and despair. The prospects of accomplishment will fade away.

We do not ask for increased authorizations alone. We ask for jobs for 250,000 Americans. We ask for new hope for all of the 36 million Americans living in depressed areas. We ask for an end to disruptive migrations from potentially productive areas of our great Nation. We ask for reaffirmation of support for a policy which pledges the Federal Government to help make it possible for every area in the Nation to share in the economic growth of our country. I thank you.

The CHAIRMAN. Thank you, Mr. Roosevelt. Now you will remain as you are, if you please, because after Mr. Batt concludes we want to ask you two gentlemen questions. Each member will have that privilege.

STATEMENT OF WILLIAM L. BATT, JR., AREA DEVELOPMENT ADMINISTRATOR; ACCOMPANIED BY HAROLD W. WILLIAMS, DEPUTY ADMINISTRATOR, AREA REDEVELOPMENT ADMINISTRATION

Mr. BATT. Mr. Chairman, let me again express my pleasure at having another opportunity to appear before this committee in support of our necessary amendments to the Area Redevelopment Act.

Statistics are important and necessary. But sometimes they fail to portray the human warmth and emotion which are involved in a program like this.

My purpose today is to review with the committee some of the exciting and inspiring things which are happening throughout this great Nation as a result of the area redevelopment program. I have time to cover only a few.

Take the southern area of West Virginia, for instance, in and around Summers County. For the past decade or so, the people around the Bluestone Dam area went to sleep, states the publisher of the local newspaper, Mr. J. E. Faulconer.

No industries came into the area, but the dieselization of the C. & O. Railway, the county's main industry, resulted in the loss of hundreds of jobs and the area has been fighting for its very existence.

With the creation of ARA, dozens of meetings and planning sessions were held between the local citizens and State and Federal agencies. Local leaders, including Congresswoman Kee, dedicated their endless time, energy, and creativity to finding new solutions to

old problems, to overcoming the obstacles of despair, inadequate finances, and lack of concrete plans. ARA helped to fill some of the missing links, starting with a technical assistance study to determine the potentials of that part of the Appalachian region of America.

After 2 years of this type of effort, ARA was able to work out with State and local authorities a grant and loan for developing the New River Gorge area at Bluestone near the town of Hinton, and at Hawk's Nest, located at the end of the gorge.

Here is what has happened to the people in that area, just as a result of the announcements about the projects. Let me quote Mr. Faulconer:

What this announcement has done is unbelievable.

The morale of the people has had an overnight transformation that has lifted them from the depths of despair to the pinnacle of optimism and to borrow a word from our astronauts: the word in Hinton now is "Go."

Mr. Faulconer, in his letter to ARA, listed 40 specific results and actions taking place after the announcement of the ARA approvals of tourism projects in his county.

I can't possibly cite all of these here, but let me tell you about some:

First, the town of Hinton and its citizens have become—

So elated that not only did they pass a bond issue for \$116,000 to match Federal funds for street repairs and improvements, but passed a special levy at the same special election for funds which will be used for a new city building and to continue a city-sponsored recreation program—

and this is in the face of bond issues failing elsewhere in other localities.

Second, local homeowners who had been putting off major repairs and remodeling of their homes are now spending thousands of dollars for repairs and modernization. New homes are being built, too.

Third, and maybe most significant in the long run as a sign of re-birth, people from other areas are looking for sites to build permanent homes there.

Fourth, and equally important, local businessmen are hiring more employees. The local hospital and the radio station are employing additional personnel. A major motel-restaurant chain is planning to build a large establishment in the Bluestone area. In the first 2 weeks after the announcement local stores sold out of bread and milk to tourists coming just to see the site of the new developments. Orders were doubled—and still the merchants sold out.

Fifth, national gasoline companies are establishing filling stations to meet the forthcoming expansion of traffic into and out of the area.

Sixth, downtown merchants are sprucing up the shopping area.

Seventh, civic associations, including the chamber of commerce, are working on projects to make Hinton eligible as the smallest city in history to be named an "All America City."

Eighth, the county historical society is working on a facility to feature, as an additional tourist attraction, the legends of the John Henry who helped build Big Bend Tunnel, now being made famous by folk singers.

Ninth, banks are already expanding their businesses, not only in customer accounts but in their own building plans.

Tenth, former residents of the town, who once gave up and left Summers County are now writing letters back home indicating that they are considering moving back.

These are just a few of the exciting things that happen when a community realizes that it can come back from depression by a combination of its own efforts plus Federal assistance under the Area Redevelopment Act.

There are scores and scores of other Hintons that are beginning to wake up as a result of redevelopment actions that have been stimulated with ARA assistance.

Not all of them are a result of financial assistance from ARA. Some of them stem from our technical assistance. In the Upper Peninsula of Michigan, an area which was given up long ago by some experts, an ARA technical assistance program has joined the 15 counties of that distressed region into one functioning team, that is tackling the mutual problems of economic development facing all 15 counties.

For the first time in more than a decade, the businessmen and the workers and the local governments, are beginning to see some rays of economic hope and change for the better. Most of their new ideas have not yet taken the shape of final projects, but the few that have been completed have provided the area's population with the necessary incentives and know-how.

They have been written up, some of them, recently in an article in the Reader's Digest.

In New Bedford, Mass., ARA has provided technical assistance to see what can be done to improve the fishing industry. To quote a Boston Globe article:

Something of a contagion infects this southeastern Massachusetts community. Call it "comeback" fever.

I quote the Boston Globe:

Behind this sense of resurgence, to an increasing degree, lies the help and impetus of ARA—the Area Redevelopment Administration.

Naturally, other organizations are part of it: Banks, local development interests, labor, city government, educational forces, and other communal agencies. But the catalyst, as things now stand is ARA.

Some of the "comeback" fever, Mr. Chairman, is due to the technical assistance provided to the New Bedford Institute of Technology's Research Foundation to seek new ways of improving that area's scallop and flounder industries.

Fishing is the principal employer in the whole area, and they feel that if this can be improved they can substantially increase their employment in that basic industry.

And, in this connection, let me add that too little attention has been paid to this part of ARA's program, its role in providing technical assistance to distressed areas in order to determine how applied research in economics and technology can break the roadblocks in the path of economic growth.

The city of New Bedford, just 2 weeks ago, as part of its total effort to revitalize their key fishing industry, received approval of a multi-million-dollar fish pier as part of a vast urban renewal program involving Federal, local and private funds. The technical assistance

project financed by ARA included tests of the harbor area to determine the feasibility of such a pier.

As in all of ARA's activities, the vital concept is local initiative. In his two-part series on ARA in New Bedford, the Boston Globe's Peter Greenough quotes the head of the Morris Plan Bank, who is also chairman of New Bedford's Industrial Foundation, as saying:

That this is really a local program, initiated on the grassroots level. Washington studies any project before handing out the money. Beyond that, it does not try to run the show. That is left in community hands.

John Agnew, the vice president of the First National Bank of Boston, has made the statement that it looks as though ARA—

Is the coming thing. For one thing, ARA is concerned primarily with jobs and is not concerned with letting out money for the sake of letting out money.

Let me repeat that point, Mr. Chairman:

ARA is concerned primarily with jobs and is not concerned with letting out money for the sake of letting out money.

Some months ago, Secretary Hodges reported that ARA actually works at finding other financing than its own to create enterprises that will hire more people in designated areas. At that time, we knew of at least 188 projects involving more than \$51 million, and making possible nearly 18,000 new direct jobs—projects that ARA helped to get started but which ended up without needing any of ARA's funds. We do not keep any complete records of such cases. Perhaps we ought to. But the point is that ARA is essentially a catalyst, and, secondarily, a loan agency. Virtually all of our loans are made in cooperation with local banks, insurance corporations, industrial development groups, businessmen, State and local governments. If we can help in getting a company started or expanded entirely without our loans funds, we are delighted—just so new and permanent jobs for the unemployed of America's distressed areas can be created.

Let me give just another example of what ARA is doing that does not show up in our tables of dollars and cents, and numbers of projects approved and pending. Through its own staff of research and field personnel, ARA works intimately with local organizations in their search for economic growth and greater job opportunities. These teams of professional economic developers on ARA's staff have assisted local leaders in discovering immediate and feasible job-generating projects—and equally important, longer range opportunities for economic growth. The recently published "Opportunities for Economic Growth in Pend Oreille County, Wash.," is an example of this.

I have a copy here in my hand.

Working with the local economic development committee in that county, ARA professionals helped to produce a document that now will serve as an up-to-date blueprint for economic action by and for the local citizens of Pend Oreille County, and in the five major towns in that county.

These are only a few examples of the events and accomplishments taking place as a result of the creation of ARA. I could go on with hundreds of other case studies and the human side of our efforts at area redevelopment—in Oregon's Lincoln County where its generations-old "Civil War" between the different towns is being forgotten in their common campaign for economic progress—not against each other, but

with each other. For the first time, the people there are looking at the county as a whole.

Or take the "quiet industrial revolution," the words used by an Idaho newspaper, to describe what is taking place in the chronic unemployment areas of that State.

Or the way in which the town of Dunkirk, N.Y., rallied to stir up across-the-board, door-to-door financial support of a project. The people dug down into their pockets—in a town of 20,000—and came up with almost \$500,000 as their part of the local financing of an ARA project.

Or take Berwick, Pa., where students still in school, along with their unemployed parents, and local business leaders, joined in a campaign to help save several hundred jobs when they realized that ARA financing could be the catalyst for keeping open a large industrial complex.

It is an inspiring experience to visit and meet with the local communities undergoing the types of changes I have described here. You and I both know, Mr. Chairman, what I mean, because you have done just this very thing in your district. You know what it means to people, but it is hard to put it in words.

How can I possibly convey to you, in words, what it means for unemployed ex-lead miners in and around Park City, Utah, to find new and permanent jobs as a result of the restructuring of that area's basic economy—by the creation of a unique tourist development there?

How can I portray what it means to a town like this—dormant for the past 10 years—when private investment interests, bankers, and other businessmen from all over the State and elsewhere are beginning to make plans for developing Park City—the followup to the triggering off by ARA?

According to the New York Times of June 6, 1953—

With a transfusion of Government funds from ARA, Park City is coming alive * * *.

You have to go there yourselves, as I have been, at the invitation of Senator Wallace Bennett of Utah and Senator Moss when we all helped break ground with the Governor up at Park City, and look in the faces of the people to understand the true accomplishments of this program. In nearly all of the 800 or so areas directly participating in ARA's total development program, people are bearing witness to the fact that they are on the verge of a new era of hope, organization, and action on their economic and job aspirations.

It would be wrong to underestimate the significant role that ARA has played in laying the foundations for this new era.

Mr. Chairman, there are few calamities which compare with unemployment. To an individual struck by an inability to find work, it is a catastrophe beyond description. It can destroy him. It can destroy his children. It can destroy his community. And, ultimately, it can injure the country.

ARA helps people who are out of work. It helps them by helping private enterprise to create new jobs. It works with local leaders to develop sound economic plans that will result in new jobs. It is an investment program which invests in a growing America, where those who want work can find work, and where all children, no matter where they are born, will have an opportunity to grow up and live and

develop their full potential for their own good and for the good of their country.

That is what ARA means and that is why I am confident that the Congress, which created ARA, will take pride in its creation and provide it with the means to continue its good work and to provide 250,000 new jobs and new hope for many more Americans. I thank you.

The CHAIRMAN. Mr. Batt, since the President appointed the commission to assist the Appalachian area, what does that do to the ARA?

Mr. ROOSEVELT. Mr. Chairman, may I answer that question?

The CHAIRMAN. Yes, Mr. Roosevelt, please.

Mr. ROOSEVELT. I am the chairman of the President's Federal-State Commission on Appalachia. The Commission consists of the Governors concerned, of a number of members of the Cabinet representing a number of the Government agencies who have projects or other vital interests in the Appalachian area. We have been working very hard.

We expect to come up with a report to the President by the end of this year.

I would also like to comment on your question because of some rather serious misrepresentations which have been made by two columnists with regard to a possible conflict between the President's Commission and the program of ARA.

Let me first point out that ARA does not have the resources to go into such major projects as arterial and feeder roads to develop the accessibility of an area like Appalachia. One of the major problems facing an area like Appalachia is communications by roads, by railroads, by air. ARA is not under the present act constituted to go into such really major public works.

The purpose of the President's Commission will be to define the areas where the Federal Government, with the State governments, will improve the communications.

Another area, for example, is the entire question of water resources, the control of floods, the development of our water highways for barge traffic, the development of the water resources of the area for use by industry, the elimination of pollution of the streams.

Here, again, ARA is not under its present authority able to go into such major projects.

The Army Corps of Engineers, of course, has a large area of responsibility.

The Department of Agriculture in its upstream water resources program, and even the Department of Interior, has a number of programs in this water resources field. I mention just these two. They are not mutually exclusive, the President's Commission and its regional approaches to a depressed area and the ARA program. They are complementary.

The President's Commission will emphasize the vital necessity of a continuing ARA program if Appalachia is going to be developed. There is no conflict. There is no exclusivity. One is not a substitute for the other.

They are complementary programs that will have to work hand in glove together to achieve the revitalization of both the economic and human resources of Appalachia.

The CHAIRMAN. Thank you very much, sir.

Do you know of any other program that is proposed in Congress and being urged for consideration and passage at this time that directly helps, proposes to help the unemployed as much as this particular program?

Mr. ROOSEVELT. No, sir; there is no other program.

The CHAIRMAN. Do you know of any other program or proposal that would help the unemployed where they now live as this program does, and thereby render unnecessary their moving to other areas?

Mr. ROOSEVELT. No, sir; there is no other program creating permanent jobs such as ARA is doing.

The CHAIRMAN. So this program is really a program to help the unemployed?

Mr. ROOSEVELT. Correct.

The CHAIRMAN. As well as the small towns and small areas that have been somewhat neglected, and to make it possible for them to have the utilities that are necessary to make the community desirable for new industry to come in and provide jobs locally, permitting the people to stay at home and make their living, rather than migrate.

Mr. ROOSEVELT. That is correct, Mr. Chairman.

I might point out that serious unemployment—and I think of such areas of eastern Kentucky where they have unemployment in excess of 30 percent of those eligible for work—this acts like a cancer on the economy of the community, of the area, and slowly it drags down existing business enterprises, the banking system of the area.

It has a deleterious effect upon the educational facilities of the area, because no longer can the communities, the towns, and the counties derive sufficient income from taxes to maintain the existing road system, the school systems, the health facilities.

For example, we had to step in to relieve a very serious situation with regard to five of the so-called miners hospitals, as Congressman Siler knows all about, in eastern Kentucky. We maintained the underpinnings of a vital health program of those five hospitals in eastern Kentucky. And so unemployment is a cancer upon the economy as well as upon the human attitudes, the human attitudes of hope in an area.

The CHAIRMAN. Mr. Roosevelt, you are familiar with the world organizations like the Bank for Reconstruction and Development?

Mr. ROOSEVELT. Yes, sir.

The CHAIRMAN. That is partly owned by U.S. dollars, is it not?

Mr. ROOSEVELT. Yes, sir.

The CHAIRMAN. Now, AID is another one that is wholly owned by U.S. dollars; is it not?

Mr. ROOSEVELT. AID is; yes, sir.

The CHAIRMAN. And the International Finance Corporation is another international agency, all owned 100 percent by U.S. money?

Mr. ROOSEVELT. Yes, sir.

The CHAIRMAN. Now, these agencies, in addition to the World Bank and the Export-Import Bank, have billions of dollars of the taxpayers' money that is available to any country in the world outside of the Iron Curtain countries, to furnish the very kind of aid to residents of those countries who happen to be in the same circumstances as the

Americans whom we propose to help under this bill; is that not correct?

Mr. ROOSEVELT. Well, their authority is even broader than that contained in this bill, Mr. Chairman.

The CHAIRMAN. In some cases you are correct.

I know just across the river in Mexico they have construction there, redevelopment, financed with U.S. dollars, while over in Texas, New Mexico, Arizona, and places along the border next to Mexico, they can't get a dollar, can't get an application considered. People in other countries in the world outside of the Iron Curtain countries can apply and make themselves eligible to obtain aid from these five big billion-dollar agencies, whereas people in the United States, in those areas in the country that are similarly affected, are not even eligible to apply and they will not even receive an application from them?

Mr. ROOSEVELT. That is correct.

The CHAIRMAN. That is correct, is it not?

Mr. ROOSEVELT. Yes, sir.

The CHAIRMAN. So this is for the purpose of giving to our own people in a small and limited way what is given to all the other people of the world in a big way, amounting to billions of dollars, whereas here a few hundred million dollars is involved.

Mr. ROOSEVELT. I would substitute the words "made available" for the word "given."

ARA is basically a lending agency rather than a donating agency.

The CHAIRMAN. And the money will be paid back?

Mr. ROOSEVELT. Yes, sir.

The CHAIRMAN. I know of instances where the Government has extended credit and money to provide jobs and now industry is making money. I know of such a case where the workers and the business people who benefited from the new industry paid in taxes, in a period of 10 years, 200 percent more than the Government actually extended in money and credit, and besides the Government got its money back with interest. That is the kind of proposition that will be applicable in many cases under this program, is it not?

Mr. ROOSEVELT. Yes, sir.

The CHAIRMAN. Mr. Widnall?

Mr. WIDNALL. Thank you, Mr. Chairman.

In view of the fact that Mr. Roosevelt has commented on an article that was in the Washington Post, I would like to ask permission to insert in the record at this point the original article written by Mr. Novak and Mr. Evans, dated July 16, 1963, together with an article which was in the same paper this morning by the same two authors. They both refer to the ARA.

The CHAIRMAN. Would you mind placing it at the end of his testimony? Without objection, it is ordered.

Mr. WIDNALL. Also, I would like to have permission to place in the record an article by Sidney C. Sufrin, professor of economics at Maxwell School, where he writes in the July 1963 Challenge, Magazine of Economic Affairs, put out by Syracuse University, entitled "A Problem Prolonged Not Solved," and it deals with aid to depressed areas.

The CHAIRMAN. At the end of his testimony. Without objection it is so ordered.

Mr. WIDNALL. Have you seen a copy of that article by Mr. Sufrin, Mr. Roosevelt?

Mr. ROOSEVELT. No, sir, I haven't.

Mr. WIDNALL. I will send down to you a copy of the article.

I would like to call your attention to page 3 of the article to these statements. I will read them into the record and then ask your comment.

It would be difficult to recount all of the various forms of financial assistance which the Federal Government has made available through the Small Business Administration, as well as the programs instituted by the States and local communities over the past 25 years. The point is that, by and large, these extraordinary financing operations have only been successful where the communities in question enjoy advantages which make them attractive to business. In those areas which have been chronically depressed, the success of such efforts has, on the whole, been slight.

The mere creation of lending institutions and the extensions of certain tax benefits are not sufficient, in themselves, to convert a declining community into a viable, expanding one. To put it bluntly, financial incentives are not likely to attract industry in sufficient quantity to turn the tide. The outmigration of labor under such circumstances seems to be the only solution.

This should not be taken as a blanket argument that all depressed areas must inevitably decline to nothingness. Some areas which are presently distressed may find their locations and resources particularly suited for some new industry, but it is not likely that this happy situation will occur generally.

The obvious conclusion is that labor migration and retraining and high standards of education are the crux of any solution for combating chronic unemployment.

At the end of the article he states:

Unless such a policy of labor mobility is encouraged and assisted, the United States might very well find itself in the position of subsidizing industry and people in uneconomic locations and at uneconomic tasks. The attempt to resuscitate communities which have lost their economic base could lead to an industrial policy as difficult and costly as the present farm policy.

The present farm program, for political reasons, has now become a permanent fixture in the Federal budget. Wise public policy should not make the same mistake by trying to resuscitate regions which are not adaptable to the industrial technology of the mid-20th century. Nineteenth-century Americans crossed a continent to find new opportunity. Twentieth-century Americans can at least bear the hardship of moving to a neighboring State.

I believe the general thesis is that the Federal program and the local development programs by the 18,000 to 20,000 communities engaged in competition for new industries cannot really solve the chronic unemployment problem.

He says labor mobility is the key.

Now, what would be your comment on that case?

Mr. ROOSEVELT. Mr. Widnall, of course not having read the entire article, I would be rather leery of commenting on one particular excerpt. I would say a number of things.

ARA is not conceived as a total answer to depressed areas. We also have the APW program. We also have the Corps of Engineers. We also have water resources programs. We also have manpower retraining. We recognize, for example, in the Appalachian area that the standards of the educational system are about 2 to 3 years lower than those in the rest of the Nation.

One of our recommendations, I believe, will be a massive effort to upgrade not only the basic educational system but also to provide new skills for the high percentage of unskilled unemployed in that area.

But let me point out that if you look at Appalachia and simply say—as this apparently does say—that labor mobility is the answer, move the people out, that fails to take into consideration one very important point.

Appalachia—and I will use that as a graphic example—has two basic natural resources and possibly a third, water, but the two being its presently unused timber resources, and, of course, the coal mining that goes on in that area.

There is another new resource which is recreation, and let me just talk about all three for a minute.

Th timber resources could provide the base for a new lumber products industry in the area, or close by the area, if we were able to develop access to the timber resources.

In other words, if we could get it out, we could make use of it.

Let's take coal. One of the very exciting things going on today in a number of research places, including the University of Pittsburgh and others, and even among private industry, is the development of new use of coal.

One of the new projects is the transmission of electricity over new heavy-cable, direct-current lines for many hundreds of miles to carry it to the big industrial users of electricity both to the east and the west of the Appalachian area.

Incidentally, one of these new lines is presently being installed on the west coast to carry power from Oregon down to the Los Angeles area, and it is believed that it will be able to put power into Los Angeles cheaper than any present source of electrical power for Los Angeles. This is the kind of new development there is.

Off the record.

(Discussion off the record.)

Mr. ROOSEVELT. These are the kind of things that might transform the economy of Appalachia overnight. Let's take tourism.

Appalachia lies directly between the great industrial complex of the eastern seaboard and the great and developing industrial complex to the west and northwest, going down from Ohio and Michigan through the Midwest.

As recreational money and time becomes more available to more Americans, there is a great possibility that Appalachia should become the great recreational holiday area; sports of all kinds are available there.

What they need is accessibility, again, of highways, airplanes and trains, to make these recreational facilities available to the millions of industrial workers, people employed in the industrial complexes to either side of Appalachia, make these recreational facilities available. It is a happy hunting ground, and I am sure, Mr. Widnall, you have gone through it. The opportunities there are enormous. And so this is another great industry, tourism, that can revive the economy along with timber and new use for coal.

So these are some of the reasons why I say that what has to be done is to apply new technology, bring new venture capital, bring new pub-

lic facilities such as highways into a depressed area, and don't rely on trying to move people out into other high employment areas.

Mr. WIDNALL. Mr. Chairman, my time is up.

May I just express the hope that you can read that article during the noon break, and I think you will find that it did not just emphasize mass migration, but also spoke about the retraining of workers and high educational standards in which you are also interested, I know.

The CHAIRMAN. Mr. Rains?

Mr. RAINS. Mr. Roosevelt, first of all, I want to, as one of your old colleagues, welcome you back to the House.

Mr. ROOSEVELT. Thank you, sir.

Mr. RAINS. I am delighted to have you before our committee.

I think my friend, Mr. Widnall, put in some kind of a gossip column out of a paper this morning saying that we had lunch together one day last week, and I would like to say that I enjoyed the lunch very much, and I think Mr. Blatnik did, too.

Now, I listened to that article by Dr. Sufrin, and I am quite impressed with what Mr. Widnall asked.

The simple truth of the business is if you follow his suggestion in that article, whoever that gentleman is, you would wind up with four or five major cities in America, and when you sit on this committee, especially in the House, and I speak now to the boys of the big cities, and see the vast billions of dollars that we pour into the big cities in this country in an effort to try to have decent places in which to live and to take care of jobs, it makes you know that mass migration of labor would be the worst thing that could happen to this country.

I might point out, also, and I don't mind pointing it out, that the mass migration from my section of the State is simply because of the lack of job opportunities. It is causing trouble in Cleveland, Pittsburgh, New York, Los Angeles, and in other places.

Don't you honestly believe that the people where they are should at least have an opportunity to get a job? Isn't that the background and the intent and purpose of ARA?

Mr. ROOSEVELT. Yes, sir; it certainly is.

I am convinced that as an area like Appalachia is given an opportunity to develop its resources, the job opportunities will be there and that is why ARA is so vital, to provide the cooperation and the lending ability to private industry to move in and develop these resources as the Federal Government and the States develop the highways and other methods of communications.

Mr. RAINS. As the chairman says, what we are actually doing with this bill is something we ought to be ashamed about, that we are not willing to give to American citizens anything like the opportunity that we do give under all the various aid programs of this Nation to people in other nations of the world.

I have only one other question, and I don't want to take a lot of time.

There has been some talk, with which I want to tell the Secretary I have greatly disagreed, that we should eliminate 5(b), or should drastically curtail it. Section 5(b) is that section, as you know, that has to do with the underdeveloped areas such as Appalachia that you are talking about. Many of the counties are in States like mine and

even in the chairman's great State of Texas and all across the country, underemployed.

What is your idea? Do you think that should be retained in the bill?

Mr. ROOSEVELT. There is no question it should be retained, Mr. Congressman. Unemployment in the nonurban areas is certainly a major factor of unemployment.

The whole question of diversifying the geography of our industry for both national defense and for economic reasons justifies the development of industrial potential in nonurban areas.

I might also comment that if we continue to concentrate population in our urban areas, the problems we will create are far greater than the problems that we face in these so-called less-developed areas.

I might add one last comment, Mr. Chairman.

If you follow the concept that mobility of employees, of workers, is the only solution, then we should scrap ARA, we should scrap AID, we should scrap all these international programs, and we should say to the Latin Americans and to the Africans and to the Asians, "Just come into the United States and compete for jobs with our workers in our big cities."

That seems to me the ridiculous conclusion if you follow this concept to its logical result.

Mr. WIDNALL. Mr. Chairman, will you yield there?

Mr. RAINS. I don't want but 1 minute more to make a good statement about ARA. Then I will be glad to yield.

You know in my hometown, Mr. Batt, in Gadsden, Ala., which is steel, tire, and rubber, about 65,000 people, when ARA came into being we had about 12 percent unemployed in my city and county. Today with the help of ARA and the accelerated works program, we are below the national average.

I want to tell you that for one Congressman I want to compliment you for a good job you have done down my way.

Mr. BATT. Thank you, Mr. Rains.

I am sure that in large part has been due to the leadership provided by your local businessmen.

Mr. WIDNALL. Nobody has made the assertion that mobility is the only answer. I read into the record a statement from this article which said the crux of any solution of the problem includes mobility of the worker, mass retraining and higher educational standards. That was the emphasis.

I didn't intend to give the idea that I thought mobility was the only answer.

Mr. ROOSEVELT. Of course we certainly are for retraining. We are for upgrading the whole educational system. I think I have already mentioned that.

Mr. RAINS. My time has expired, Mr. Chairman.

The CHAIRMAN. Mr. Siler?

Mr. SILER. Mr. Roosevelt, you are a former Member of the House of Representatives and, as such, you must have some jealousy concerning the prerogatives of the House. Now when we had this same bill before us previously in the House of Representatives we had a provision in there that eliminated what we call backdoor spending or spend-

ing of tax money without direct action by the House of Representatives thereon.

The Senate left out that provision, and, therefore, restored backdoor spending in the bill we are now considering.

What is your comment on that?

Mr. ROOSEVELT. Mr. Siler, I have already commented in my direct testimony. As I pointed out there, we will, of course, abide by the will of the Congress, both Houses of Congress, in this connection.

Mr. SILER. So you don't take a position either for or against it?

Mr. ROOSEVELT. No, sir.

If I may reread exactly what I said, I would prefer to do that.

A sixth difference in the Senate bill is not a new amendment but the omission of any amendment to eliminate ARA's Treasury borrowing authority, contained in section 9(a) of the act.

We are, of course, in accord—I think this answers your question—with the view of the Senate and the administration that Treasury borrowing authority permits a loan and grant program to operate with greater flexibility and continuity than is possible under an annual appropriations process.

However, because of restrictions imposed by the appropriations committees in providing funds for administrative expenses, we have never been able to use our borrowing authority, although our appropriations to date have always been sufficient for our needs.

In view of the difference of opinion on this matter between the two Houses, therefore, we believe that the question of whether to include such an amendment should be left up to the Congress, and we will be happy to abide by whatever decision you make in this regard.

Mr. SILER. Thank you. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Vanik?

Mr. VANIK. Mr. Chairman, Mr. Roosevelt, I have always supported the Area Redevelopment Administration legislation, and I would like to continue doing so. But it is exceedingly difficult for me to legislate benefits and help to areas like the Appalachian area and depressed areas throughout the country when in my own community I have a central city in which tremendous portions of the population suffer unemployment which might range from 12 to 14 percent to as high as 30 percent in some census tracts.

I am sure this is true in cities like Detroit, Chicago, and in other places throughout the country.

I wonder with respect to the language in section 3, 5(a), the language put in by the Senate, whether your office will use that amendment to at least calculate the unemployment in the depressed areas of the large urban centers so that we can determine what special programs might sometime soon be available for this particular problem. We need particularly the advantages of the training and the retraining sections of this bill.

What is it intended be done with that new language? How do you propose to use it?

Mr. ROOSEVELT. Senator Williams, I believe, of New Jersey, put that language into the Senate bill with our complete support and concurrence, and it is certainly our intention to follow out the purpose of that language and to carry out the studies such as you suggest of seeing exactly how we can come up with a recommendation to the Congress

on this very difficult and complicated problem. So we would certainly pursue the intent of this language with the view to being able to give the Congress a specific report of detailed studies so that we could advise you at that point as to the effect of any modification of the present act.

Mr. VANIK. But what you substantially have in mind, then, is the problem which I have outlined, the problem of the depressed areas that exist in the center of some of our urban communities?

Mr. ROOSEVELT. Yes, sir.

Mr. VANIK. That is exactly what you have in mind by that language?

Mr. ROOSEVELT. Yes, sir.

Mr. VANIK. When we first considered the bill, we tried to reach that by way of our language in the report. I certainly prefer the language of the Williams amendment, and I certainly hope that we can proceed to a final bill in just that form.

Now there has been some newspaper discussion about the possibility of the Area Redevelopment Administration, Mr. Batt, taking over the miners' hospital throughout the Appalachian region. Is that proposal alive?

Mr. ROOSEVELT. Mr. Vanik, the ARA did grant, and I will be glad to give the committee a summary of this situation—we were faced with a very serious situation in which the miners' welfare fund, because of the operating deficit, was going to close down on July 1, the five hospitals in eastern Kentucky. After a very careful examination of the situation of each of the hospitals, and I might say that it is a rather complicated setup because it is sort of like a queen bee with some drones; there are central hospitals and then smaller hospitals that depend on the central hospital for specific specialization, but after our consideration we decided only to make possible the transfer of the five eastern Kentucky hospitals in which most of the deficit was being incurred to a nonprofit nonsectarian corporation which has been set up and is known as the Appalachian Hospital Corp.

The grant of funds was made to the Presbyterian Board of Missions who then purchased the hospital, and I might say that the purchase price was \$3,900,000, as against an evaluation of the hospital of approximately \$16 million. I think we did a good job for the taxpayers.

The board of missions then turned over these hospitals for actual operating to this nonsectarian nonprofit corporation, and it is now being run by them.

The remaining five, we hope will be able to operate at a no-loss picture, and, therefore, we will not have to consider taking any action with regard to them.

Mr. VANIK. These hospitals are community hospitals, are they not? They serve everybody?

Mr. ROOSEVELT. They serve everybody; yes, sir.

Mr. VANIK. Is there any effort made to extend this hospital service to people who are nonresidents of the area, who have now become contributors to the hospital because of the ARA grant?

Mr. ROOSEVELT. Wherever a person is near enough to avail themselves of the facilities of these hospitals, of course, they can.

Mr. VANIK. I thank you.

The CHAIRMAN. Mr. Harvey?

Mr. HARVEY. Mr. Roosevelt, a few moments ago you said to the chairman, I believe in agreement with the statement that he had made, that in your opinion there was no program before Congress which would help the unemployed of America more than this program we are considering today, is that correct?

Mr. ROOSEVELT. For permanent employment; yes, sir.

I should make one exception to that. I frankly also feel that the President's tax-reduction proposals will have a much broader impact in reducing unemployment and restoring a faster growth factor to the economy, just as I think the President's tax-depreciation proposals which were passed by the Congress last year have had a very major effect upon the well-being of the economy.

Mr. HARVEY. Those were not, incidentally, passed by Congress. They were put out by Executive order and regulation.

Mr. ROOSEVELT. That is the tax guidelines of the Treasury, that is correct.

Mr. HARVEY. I wanted to point out by our own figures here on page 8 you spell out that this program has so far provided 55,000 direct jobs and that if all the funds you request here are granted, the \$455 million and projected using the formula you have set forth, it will provide some 250,000 additional jobs which totals, according to my figure here, some 5 percent of all the unemployed of America, is that about right?

Mr. ROOSEVELT. Let Mr. Batt comment on it. That is correct, as of the present unemployment figures.

Mr. HARVEY. I would say this, too. I don't agree with your figures. I think they are padded, but that is beside the point. Using your figures here as you have set forth on page 8 and page 10, of your statement, projecting, you say, quoting page 10—

and if the same formula holds up throughout the disbursement of the \$455 million requested in the new authorization, the result will be 250,000 additional jobs.

Mr. ROOSEVELT. It is actually 10 percent because it is a total of 440,000 jobs during the 4-year period of the program as against approximately 4.5 million presently unemployed.

Mr. BATT. Mr. Harvey, I would like to comment on that, if I may.

Mr. HARVEY. Make your comment quick, Mr. Batt. I only have 5 minutes.

Mr. BATT. The total unemployment is not the target of this program. The unemployment that we are shooting for is the unemployment in these areas that are eligible, which totals 1.4 million, and in order to reduce unemployment in these areas to the national average what we are shooting for is 700,000 jobs. A figure in the order of the 400,000 that Secretary Roosevelt referred to is a substantial cut in toward that 700,000-job target.

Mr. HARVEY. I would agree with that, but just wanted to make clear that actually the statement that there was no program before Congress that would help the unemployed more is not a correct statement. Certainly a tax cut in permitting the American businessman and the American individual to see for himself where he is going to put his money and spend it himself will actually do a lot more in putting the unemployed in America back to work.

We are talking here about, at the most, 10 percent.

The CHAIRMAN. May I suggest you are pinpointing the direct employment of people who are unemployed in the localities, and leaving out the considerable employment from indirect effect of the program's stimulation.

Mr. HARVEY. I would like to ask Mr. Roosevelt—I am not certain what page it was on in your statement—but it is the change in 5(b) of the rural development areas.

As I read that change over, actually this is a whole new concept actually in area redevelopment. Up until now, we have been talking about the counties that were depressed. Now, we are all of a sudden talking about counties, contiguous counties, and other areas as well to form economic development areas, I think, as spelled out in that section.

Mr. ROOSEVELT. Page 13? This change merely makes, as I say——

Mr. HARVEY. I think it is the seventh amendment, as I recall.

Mr. ROOSEVELT. The fourth change.

Mr. HARVEY. That is right, yes, on page 13, where you say this amendment would have no substantive effect on our present program. It seems to me that is the understatement of the year.

Actually, it would wholly revise our present program, and I can see tremendous changes.

Mr. ROOSEVELT. I will let Mr. Batt answer that.

Mr. BATT. Mr. Harvey, this was proposed by Senator Scott, of Pennsylvania, to take care of a few cases, particularly the one we have got in Pennsylvania where the eastern half of Crawford County is not eligible because it is not in what is formally defined by the Department of Labor as a labor market area. You see, this is the one white spot in this whole western section of Pennsylvania, and this is what he had in mind.

Actually, for purposes of planning and for purposes of economic development effort where the——

Mr. HARVEY. For the purposes of the record here, Mr. Batt, aren't you pointing right now to the Appalachian area?

Mr. BATT. I am pointing to Crawford County, the eastern corner of Crawford County which is not eligible because of the definition of the labor market area of Erie and of Crawford County by the Department of Labor.

Mr. HARVEY. Why don't you tell us what those red areas on that map mean and what the pink ones mean?

Mr. BATT. The red areas are generally the 5(a) areas and the pink areas are the 5(b) areas.

Mr. HARVEY. It would appear to me that the area you point to is either solid red or pink and that actually you could start one district up in Pennsylvania and you could run it almost all the way down into Texas as far as I can see there.

Mr. BATT. That is correct. Statistically, most of this area is what is called the Appalachian area.

Mr. HARVEY. You could conceivably, instead of——

Mr. ROOSEVELT. No. You can't lump all the counties. What this simply does is that one county which as a whole is not under the Department of Labor or a high unemployment county and thereby qualifies, but a section of it which is the eastern section.

Mr. BATT. The eastern half of Crawford County.

Mr. ROOSEVELT. The eastern half of the county has a high unemployment factor.

Mr. HARVEY. Mr. Roosevelt, this is actually the Appalachian area right here, isn't it? This is one economic area running the whole string of the Appalachian?

Mr. ROOSEVELT. That is correct.

Mr. HARVEY. So what you are really doing is writing this Appalachian concept into this new area of the redevelopment law?

Mr. ROOSEVELT. No.

Mr. BATT. Mr. Harvey, this was proposed by Senator Scott. If the committee does not feel it is vital, it is not proposed by the Administration. We would drop it.

Mr. HARVEY. My point is, it is a substantial change in the present theory of the redevelopment law.

Mr. BATT. It is not. We don't read it as such.

Mr. HARVEY. My time has expired.

The CHAIRMAN. Mr. Moorhead?

Mr. MOORHEAD. Thank you, Mr. Chairman.

Mr. Secretary, I would like to compare with you for a few minutes the accelerated public works programs which seems to have the approval of Congress and the Area Redevelopment Administration had some difficulty a few weeks ago. It seems to me that it is much easier to point to accomplishments under APW where projects can be generated quickly, in other words, that you can go, using your words, from despair to accomplishment very quickly. But we must recognize that it is only temporary accomplishment, so that under APW we miss the ingredient of hope because there is no hope for the future.

Everybody knows when we are helping the unemployed we are only helping them temporarily.

Don't you believe this is one of the difficulties that ARA has had in explaining its case to the American people?

Mr. ROOSEVELT. Yes, Congressman, I agree with you. It is one of the difficulties. It is one of the fundamental differences.

Of course I should also add, though, that an APW project may create in the community in which it is taking place a better situation for industry to move in.

At that point, ARA takes over and provides the lending ability for the new industry to avail itself of the APW projects benefits. I would put it that way.

Mr. MOORHEAD. Under ARA, the worker becomes permanently employed, whereas the worker on the APW project is really only temporarily employed.

Mr. ROOSEVELT. That is correct.

Mr. MOORHEAD. Mr. Batt, I would like to ask you, sir, what, if anything, ARA is doing to help business in the distressed areas to obtain technical information or other advice as to how to obtain Government procurement contracts.

Is ARA doing anything? My businessmen in the Pittsburgh area would like to know about it and I want to help them to create new jobs by obtaining this sort of work.

Mr. BATT. Yes, Congressman, we are helping all the businessmen who come to us from these areas apply for Government contracts more effectively, and as we are directed under the act, our responsibility under section 10 is primarily informational, and we are trying to do a more effective job of bringing this information to businessmen who can bid on Government work and can create jobs through that medium.

Mr. MOORHEAD. So that through this method, through your technical assistance and all of your other things, you have a many-pronged attack on the problem of trying to help the unemployed of the United States, is that correct?

Mr. BATT. Yes, everything we can think of.

Mr. MOOREHEAD. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Bolton?

Mr. BOLTON. Mr. Secretary, again may I say, as our other colleagues have, it is nice to see you back on the Hill. Following Mr. Moorhead's line of conversation and reviewing a little history, when this bill was first put together it was designed to handle those areas and pockets of our country where there was chronic, high unemployment. Then section 5(b) was added so that it was extended to cover more than a third of the counties of the country.

Now, with this amendment which has been introduced in the Senate, which as I understand it, would permit taking in any county contiguous to a redevelopment county, have you made any estimate as to how many counties this would make possible for ARA to cover?

Mr. BATT. Basically, I don't think necessarily it would mean taking in a whole county. It could, but I don't think we have done a study of exactly what the full impact of this would be. Do you want to comment on this, Mr. Williams?

Mr. WILLIAMS. I would like to comment on that.

The conference report on the bill in 1961 said that the Administrator or the Secretary would have the authority to set the boundaries of redevelopment areas, and acting on that evidence of congressional intent, we have in the past altered the boundaries of redevelopment areas to include contiguous counties.

Mr. BOLTON. It wasn't necessary to put in Crawford County but you could have included it?

Mr. WILLIAMS. That is correct.

Mr. BOLTON. So you don't need this amendment at all?

Mr. WILLIAMS. As a matter of actual fact, we have already erased that little white spot in actions being taken now.

Mr. BOLTON. Thank you, Mr. Williams.

Mr. Secretary, going back to Mr. Moorhead's comment on public works, you tried to make a distinction in your statement, and I was glad to see it, between ARA and APW, and you make very clear that ARA was provided—and I think I have your language here—so as to work with private industries to rebuild the economies of the communities.

Would you say therefore, particularly in light of the \$450 million recent approval for APW, that there was no need for further facilities funds in ARA, and if so, why?

Mr. ROOSEVELT. No; we need public facilities for a very simple reason. Lots of times, we need an access road, for example, to a new plant site.

Mr. BOLTON. But isn't this a public work?

Mr. ROOSEVELT. No.

Mr. BOLTON. It would be available under APW's definition, would it not? And they are both administered by the same office?

Mr. ROOSEVELT. Do you want to speak to this?

Mr. BATT. The distinction is, of course, that the APW program is for all practical purposes about to expire. It is a temporary program and its only criterion is the creation of temporary jobs. This is not true, of course, of the ARA program, Mr. Bolton, where you have an industrial park in your district and where jobs can be shown as the end result, we can help finance on a different basis entirely access roads, access rail to that area park.

Mr. BOLTON. And therefore, APW is not designed as a long-term job creation?

Mr. BATT. APW is designed at short-term job creation by terms of the act.

Mr. BOLTON. Purely by the construction jobs contained therein?

Mr. BATT. That is correct.

Mr. BOLTON. And it is a short-term program?

Mr. BATT. That is right.

Mr. BOLTON. May I make an inquiry of the chairman as to when the latest authorization under the bill extends?

I believe it runs for 5 additional years, does it not?

The CHAIRMAN. Two and a half years from now, doesn't it?

Mr. BATT. For the Public Works Act?

The CHAIRMAN. Yes.

Mr. BOLTON. It was my amendment which was designed—

Mr. BATT. The Appropriations Committees permitted us to commit it under the present appropriations until January 31 of next year.

Mr. BOLTON. Mr. Secretary, referring to the luncheon which the gentleman referred to earlier, which you had with Mr. Blatnik and other gentlemen of this committee, is the story which I hear that the Blatnik bill which is supposedly scheduled for hearings which asks for very large accelerated public works programs not to come on?

Mr. ROOSEVELT. No, sir; with regard to that, as I recall it, Mr. Blatnik hardly discussed that. We were talking primarily about ARA.

Mr. BOLTON. As far as your Department is concerned, then, you have no present plans for any further request for accelerated public works.

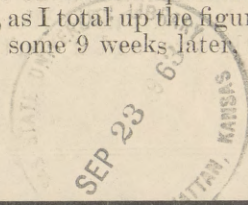
Mr. ROOSEVELT. I can tell you the administration is not requesting any additional authorizations or appropriations for APW, but, of course, that does not preclude the Congress in its own wisdom from proceeding along such lines.

Mr. BOLTON. May I ask, sir; just two other brief questions?

I noticed in your testimony, you referred to research that had been done on coal and its development. You didn't mean to suggest these were as a result of ARA?

Mr. ROOSEVELT. No, no.

Mr. BOLTON. And, secondly, may I just comment that I noticed as of June 1 of this year, the total projects of ARA requested or approved amounted to \$411 million, and now, as I total up the figures that are in your testimony, they now total up, some 9 weeks later, at \$315 million. Thank you, Mr. Chairman.



The CHAIRMAN. Mr. Stephens.

Mr. STEPHENS. Mr. Chairman, I have a question I would like to ask in connection with the fourth change mentioned on page 13 of Mr. Roosevelt's testimony. The problem there, I take it, is where a county is in part a depressed area and in part not, that you could add that part to another part of an adjacent county that was a depressed area and work it in that fashion.

Mr. ROOSEVELT. Can I ask Mr. Batt or Mr. Williams to answer? It is an administrative problem and I think they are both more familiar with it than I am.

Mr. WILLIAMS. We now have the authority under the present wording of the bill and the report of 1961 to take part of an adjacent county and make it part of a county that is already designated, if it makes sense from the standpoint of grouping an economic area together.

The particular wording here would allow us to do that and make explicit in the legislation what is now allowed to us in the conference report. We do not feel it is necessary.

Mr. STEPHENS. It was my understanding that you took the depressed area and classified it as a depressed area based upon the statistics of the Department of Labor.

Mr. BATT. That is true, sir.

Mr. STEPHENS. Then you are bound by what the Department of Labor would tell you is an economically depressed area, or can you change that now?

Mr. BATT. We can change it now. It is exceedingly difficult to do so because there are very few statistics available.

Mr. STEPHENS. The reason I asked that specifically is to clarify the information that I got from ARA in respect to Madison County in my district that would be classified as a depressed area because of its unemployment situation, but it is classified by the Department of Labor as primarily within a larger employment area, and I asked that they might be considered as being taken out of that area and made eligible for assistance.

But I understood from both the Labor Department and from ARA that that was not possible for it to be taken out of that larger area and be reclassified.

Mr. WILLIAMS. Mr. Stephens, that problem is addressed in the first amendment that the Under Secretary referred to, requesting the Secretary of Labor to make more specific information available as of this point.

The Department of Labor has not had information on less than a labor market area that we could use. We are now hopeful that the wording of this amendment will allow us to go back to the Department of Labor and say "if you do not have the information, will you please go out and get it?"

Mr. STEPHENS. That is in the first part and that would help alleviate, then, the problem that I and others have had?

Mr. BATT. Yes, sir.

Mr. STEPHENS. In respect to a community that has an unemployment situation and is unable to finance a public works program without Accelerated Public Works' or Community Facilities' help, either one of the two, and it can't get the Accelerated Public Works' help

because it is classified by the Department of Labor as part of a large labor market.

Mr. BATT. Always assuming, Congressman, that once the Department of Labor finds the figures, that it does make the county eligible, that they do come within the requirements of the act.

Mr. STEPHENS. But it would be possible to separate them from that other one?

Mr. BATT. This direction, we hope, will permit the Department of Labor to do that.

Mr. STEPHENS. There is another comment I believe I have time to make.

You have before you now in ARA a project that I believe is one of national significance, and that is the proposals made to establish a recreational experiment station that will provide for the State of Georgia in the mountainous sections a source of employment and new industry, and it would then be a guidepost for recreational development for places all over the United States.

I think that that should be looked upon as one of the great effects. It could tie in with the Appalachian area where you do have mountain recreational facilities. I wish that you had an opportunity to explain what that is to this committee, because it is one that not only has a significance of providing locally an employment opportunity for a depressed area in Georgia, but it also would be a guide for recreational outlets all over the United States.

As I understand it, that would be a place where people could come and study what type of recreational facilities should be placed in a particular place in some area, and what people will go to, what kind of housing they would have. In short, an experiment station like an agricultural experiment station.

Mr. BATT. Congressman, you arranged for a presentation by your people from Georgia and they made a very impressive case which I listened to all one afternoon, and I must say we are favorably impressed by the proposal and we have it now under careful consideration and review.

Mr. STEPHENS. I didn't want necessarily to do anything other than point out that that type of thing not only is local but it could also have a national significance.

Mr. BATT. I think it illustrates the potentialities in the mountain sections for recreational development better than most any other part of the country.

The CHAIRMAN. Without objection, we will stand in recess until 1:15 this afternoon.

(The articles submitted by Mr. Widnall are as follows:)

[Article from the Washington Post, July 16, 1963]

INSIDE REPORT—HOPE FOR APPALACHIA?

(By Rowland Evans and Robert Novak)

After 2½ years of sloganeering and fumbling, there are signs within the Kennedy administration of a realistic attack against the economic misery of the Appalachian region.

The signs of hope come from an unlikely source: the Department of Commerce Building, a citadel of standpat bureaucracy. But on its fifth floor now is the headquarters for the new and still unpublicized Appalachian Regional Commission, headed by Under Secretary of Commerce Franklin D. Roosevelt, Jr.

In 1 month of actual operation, the Roosevelt Commission has quietly accomplished a doctrinal breakthrough in defining the problem as regional—not National, State, or local. It sees a special kind of sickness in the mountain country slanting from central Alabama up to northern Pennsylvania and including parts of Virginia, West Virginia, Maryland, North Carolina, Ohio, Kentucky, Tennessee, and Georgia.

Though seemingly cheek-by-jowl with the great Eastern cities, the 12 million residents of Appalachia are really isolated from the rest of the Nation by bad roads, poor rail service, and inadequate airports. It is a hard country that sustains more than its share of physical battering. Its coal and other natural resources are depleted. It is plagued by a shortage of public facilities—sewers, dams, above all, schools. The average white man in Appalachia has 4 years less schooling than his fellow Americans.

If this sounds like some poverty-stricken banana republic or one of the new African states, it is more than coincidence. Indeed, Appalachia is an underdeveloped nation that would qualify for large chunks of foreign aid—if it were foreign.

But the Kennedy approach to the depressed areas has been redevelopment. The Area Redevelopment Agency offers businessmen subsidies to reactivate idle factory smokestacks and rundown tourist hotels. That might be the right formula for an old Massachusetts textile town, but it's absolute nonsense for Appalachia.

Its problem is development, not redevelopment. It has no idle smokestacks or rundown tourist hotels because industries and tourists never wanted to go there.

So, the agonizing migration from Appalachia continues—2 million since 1940. Barring a new approach, 3 out of 4 remaining Appalachians will be on the Government welfare dole by 1975.

To avoid this, the Roosevelt Commission's 30-man staff is writing a development plan putting first things first. Highways, for instance. They would be built not on the conventional basis of highest traffic but where development potential is biggest. This and other Federal aid would conceivably be coordinated by a new regional agency.

This might seem like a leftwing planner's dream that would be the toast of Washington but fought to the death in the provinces. In fact, quite the contrary is true.

The Appalachian regional concept originated not here but in Frankfort, Ky., on the staff of Gov. Bart Combs. During a recent swing through Appalachian State capitals, F.D.R., Jr., found nearly universal enthusiasm from Governors—even Gov. Albertis S. Harrison, of Virginia, a conservative Byrd Democrat.

The hostility comes from entrenched Washington bureaucrats, particularly in the Area Redevelopment Agency. The well-intentioned ARA, which has built a legend of ineptitude during its 2-year life, would be doomed by the new plan.

Moreover, the White House itself has a political stake in the existing depressed areas program—a big campaign issue for John F. Kennedy in 1960 and the first major program he won from Congress. Even today, the President's lieutenants are fighting hard for congressional approval of more money for ARA to spend on its questionable program.

Yet the fact that this administration is so politically oriented may turn out to be a godsend for Appalachia. The Roosevelt Commission was formed, in fact, because of administration apprehension over the anti-Kennedy tide in Appalachia (largely because of negrophobia by poor whites). If President Kennedy is going to cut his losses there in 1964, he may have to admit the failure of all his past efforts to save Appalachia and get solidly behind the new approach.

[Article from the Washington Post, July 29, 1963]

INSIDE REPORT—THE ARA FIGHTS BACK

(By Rowland Evans and Robert Novak)

The Area Redevelopment Administration, beset by foes within and without, is struggling valiantly to save its hide.

Created 2 years ago to run President Kennedy's programs of aid to economically depressed areas, the ARA is having troubles that shouldn't happen to any self-respecting bureaucrat. It faces both short-term and long-term threats to its very existence.

The short-term threat: A bill authorizing more money for the ARA was killed by the House June 12 (though later passed by the Senate). Unless the House reverses itself, the dollarless ARA will be a walking corpse.

The long-term threat: A Presidential commission headed by Under Secretary of Commerce Franklin D. Roosevelt, Jr., is drafting a comprehensive development plan for the 10-State Appalachian region, which includes the Nation's worst economic trouble spots. Such a regional approach would make the hit-or-miss ARA the least needed agency in Washington.

The ARA has lashed at the long-term threat with all the fury of a bureaucratic infighter. When this column reported on July 16 that Roosevelt's Appalachian commission might sound taps for the ARA, roars of protest ascended to the highest levels of Government. Assurances had to be made—in writing—that nobody was after the agency's scalp.

Although the Kennedy administration is not of one voice about the ultimate fate of the ARA, it is united in fighting the short-term threat in Congress. In fact, Roosevelt is playing a key role in trying to get the House to pass the money authorization.

Strategy was plotted recently during a secret meeting on Capitol Hill attended by Roosevelt and two of the craftiest House liberals, Representatives Albert Rains, of Alabama and John Blatnik, of Minnesota. They decided to bring the bill back to the House floor as soon as possible, ahead of the civil rights bill.

Attempting to lure new supporters, they agreed to trim down the money authorized. More important, they devised a vote swap. Southern conservatives would be asked to vote ARA money in return for support of cotton subsidies by big city liberals.

This maneuver is so delicate that prospects for success are only fair.

Bureaucratic intrigue and legislative manipulation don't seem enough to save the ARA unless it really mends its way. There's no sign of that, as witness one recent action by the agency.

Shortly after its bill was beaten in the House, the ARA announced \$23.9 million in spending for four West Virginia tourist projects that would "help to create thousands of new jobs in that State." But ARA's weekly activity report listed only about 785 jobs (at a Federal cost of about \$30,000 a job) resulting from the four projects.

That \$23.9 million might better have been spent on improving narrow mountain roads. Highway development (a major part of Roosevelt's Appalachian plan) might indeed promote tourism and, more important, attract industry.

There is one footnote to all this: The President might pick up some Republican help if he started toward a regional approach now. But bipartisanship isn't in the air. For instance, the House Banking Committee's Republicans weren't notified until late Friday about a hearing on the ARA money authorization today.

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[From Challenge, July 1963]

AID TO DEPRESSED AREAS—A PROBLEM PROLONGED, NOT SOLVED

(By Sidney C. Sufrin)

(The Kennedy administration's program to aid chronically depressed areas of the United States offers no ready solution to the difficult problem of structural unemployment, says Sidney C. Sufrin, professor of economics at Syracuse University's Maxwell School. Such a program has little chance of success and only encourages people to remain in hopelessly depressed regions. The effort "to resuscitate communities which have lost their economic base could lead to an industrial policy as difficult and costly as our present agricultural policy." A major solution, says Professor Sufrin, would be to encourage jobless people to migrate.)

During the Eisenhower administration the great domestic evil to be fought and conquered was inflation. Monetary policy, fiscal policy, even the strategy of the early part of Richard Nixon's almost successful campaign for the Presidency, directed the public mind to the dangers of an inflation which, it was said, could wipe out the savings of a lifetime and destroy public confidence in the American dollar.

Candidate Kennedy, however, felt that economic stagnation was the greatest domestic problem confronting the American people. Getting the economy moving meant putting Americans to work. The unemployment statistics, along with various indexes of growth, became the measure of the Nation's economic health.

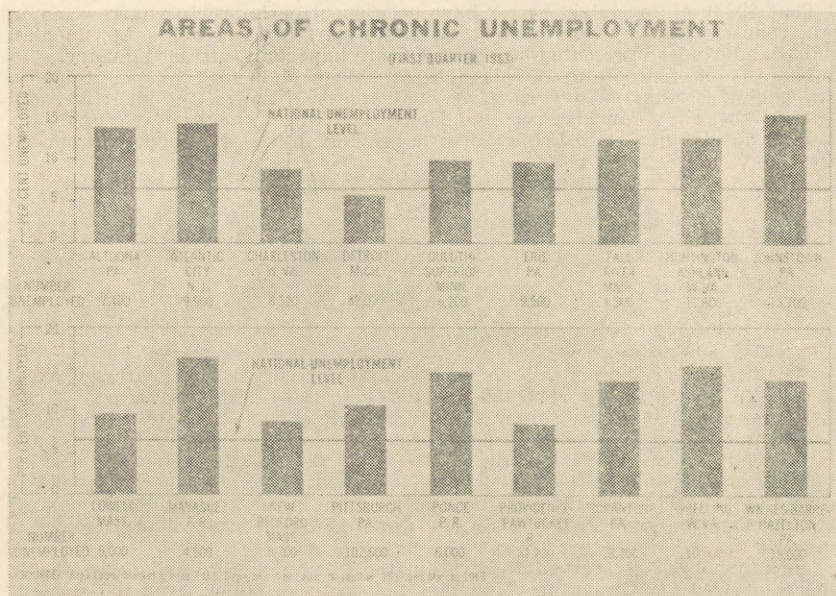
It is generally conceded that the two most significant types of unemployment are cyclical and chronic.

Cyclical unemployment is attributed to cyclical movements in business activity. Such unemployment is not limited to a given geographical area or industry, but tends to affect the whole Nation, although in different degrees. For example, the construction and durable goods industries on the whole tend to react more violently to both downswings and upswings than do the consumer goods industries. At the same time, those sections of the country which are experiencing a boom because of some new or spectacular industry are less likely to be affected by business downswings.

Chronic unemployment is a phenomenon of areas or industries which find themselves, for one reason or another, out of joint with the times. Here, economic stagnation and unemployment can persist regardless of the tone and temper of the rest of the economy. In general, one may argue that if workmen are laid off for periods of more than 15 consecutive weeks, they are chronically unemployed. Their chances of being called back diminish almost perceptibly, week by week.

Each successive wave of prosperity since World War II has been associated with both greater employment and more severe unemployment than the preceding wave. Changes in markets, production techniques and demand for goods and services have caused industries which were once prosperous to find themselves at the edge of prosperity, then deep in difficulty. As the rest of the economy rises to greater heights, there are more severe problems of adjustment and accommodation for areas plagued by chronic unemployment.

Of the 150 major labor markets in the United States, approximately 18 in recent years have been constantly classified as areas of substantial and persistent unemployment—so-called "depressed areas." (See graph.) At least 100 smaller labor markets are in a similar circumstance. During the 1960-61 recession more than half of the 150 major labor markets were listed as "depressed."



Both cyclical and chronic unemployment tend to be most marked in such areas. As a rough measure, one might say that the depressed areas contain about a quarter of the labor force but as much as a third of total unemployment, both cyclical and chronic. For example, Pittsburgh and Detroit are two cities which stand out as centers of chronic unemployment. In 1961 Detroit had a labor force of approximately 1.4 million. Pittsburgh's labor force was just under a million. Detroit's unemployment hovers around 6.5 percent and Pittsburgh's at around 7.5 percent. One an automotive city, the other a steel city, they are typical of large cities faced with both cyclical and chronic unemployment.

Cyclical unemployment can be alleviated by fairly well-understood fiscal and monetary policies. But among the major causes of chronic unemployment, it would appear, are the very changes in demand for products and technological improvements which have enhanced the economic viability of the economy as a whole. Small cars, instead of large cars, conserve labor but lead to unemployment. Aluminum, synthetics, and new technology in the construction industry, while causing booms in other areas, lead to unemployment in the steel industry.

The shift of military orders from the vehicles called "prime movers," which all GIs remember, to rockets and thermonuclear warheads changes not only the tactics and strategy of war, but the general pattern of civilian employment. It is understandable, therefore, that while production and employment in general may be high, in some specific communities and industries they may be extremely low.

It is interesting that the larger of the persistently depressed labor markets tend to have a lower rate of chronic unemployment than the smaller depressed markets. This is so because the demand for the output of large cities such as Detroit, Pittsburgh, Fall River, Altoona, Wheeling, and Duluth does not decline so dramatically as the demand for the outputs of communities with a work force of only 2,000 or 3,000 people who produce one, two or three commodities in a small number of mills.

The deep tragedy of chronic unemployment is therefore primarily felt in communities where the total population is less than 20,000 and technical competence and industrial diversity are of a low order. Through migration they lose substantial numbers of their most productive working people, those between the ages of 20 and 40. Also, social services and public amenities cannot be easily maintained because of the lack of income among those who remain. And in many such communities there is little to offer outside investors.

Two distinct policies have been devised for solving the problem of the chronically unemployed. The first, the Area Redevelopment Act of 1961 (ARA), is concerned with specific help to depressed areas. Under ARA the Federal Government has set up a 4-year program providing \$300 million in low-interest, long-term loans. These funds are to be used to assist urban and rural communities to build and equip factories, and to finance such public overhead facilities as sewers and water systems.

These funds are supplemented by \$75 million in Federal grants to construct additional public facilities, \$14.5 million to retrain labor and another \$4.5 million for technical assistance. While these loans may not exceed 65 percent of the cost of the project, the grants may pay for the entire project. Federal loans may also be supplemented by State and local money amounting to 35 percent of the total loan. It should be noted, however, that the number of communities requesting aid is many times the number expected by Government experts.

A second program of the Federal Government, for which \$435 million has been authorized, is designed to finance a period of retraining for some 400,000 workers, while another quarter of a million workers will be trained on the job. It is estimated that the \$70 million appropriated last year will train between 50,000 and 70,000 workers. This retraining program is an extension, in a sense, of unemployment insurance for those being retrained. Young people who have not had any job experience, and are thus not covered by unemployment insurance, will receive \$20 a week during their training period. These training programs, created under the Manpower Development and Training Act of 1962 (MDTA), fall under the aegis of both the Department of Commerce and the Department of Labor, with the ultimate aim of making retraining and area redevelopment highly coordinated programs of the Labor Department's Office of Manpower, Automation, and Training.

It is hoped that other Federal activities, such as the acceleration of public works and urban renewal, will complement ARA and MDTA. Many high administration officials admit that these two acts, and indeed the whole Government attack on chronic unemployment, are minuscule compared with the need, and that the solution requires much greater efforts.

To be sure, the communities affected, and many of the States which suffer from chronic unemployment, have instituted their own programs.

As early as 1917 Danbury, Conn., through an association of businessmen, began a successful effort to diversify its industry. Whereas in 1918 the manufacture of hats had employed more than half of the city's industrial workers, by 1960 only 1 manufacturing employee in 10 was employed in that industry. The balance agriculture with industry program (BAWI) in Mississippi, which began in 1936, permits any political subdivision to issue bonds for the purchase of land and the construction of factories, subject to a public referendum in which two-thirds of the voters approve.

The New England States, led by Maine, have devised development corporations which have been widely copied. Such States as New York, West Virginia, and Pennsylvania either provide State funds or permit special financing privileges to banks and other business institutions in their attempt to supply funds to attract industry to distressed areas.

In the United States there are at present 18,000 to 20,000 community development organizations which provide financial or other inducements to attract industry. The programs vary widely from granting the use of local tax revenues for promotional purposes, to tax concessions and the issuing of bonds to assist new firms.

It would be difficult to recount all of the various forms of financial assistance which the Federal Government has made available through the Small Business Administration, as well as the programs instituted by the States and local communities over the past 25 years. The point is that, by and large, these extraordinary financing operations have only been successful where the communities in question enjoy advantages which make them attractive to business. In those areas which have been chronically depressed, the success of such efforts has, on the whole, been slight.

The mere creation of lending institutions and the extension of certain tax benefits are not sufficient, in themselves, to convert a declining community into a viable, expanding one. To put it bluntly, financial incentives are not likely to attract industry in sufficient quantity to turn the tide. The out-migration of labor under such circumstances seems to be the only solution.

Another policy which the Federal Government is following in its attempt to combat unemployment is to so strengthen the whole economy that the chronically distressed areas will benefit from the general rise in business. However, this must be viewed as an attack on cyclical unemployment not likely to be successful in relation to chronic unemployment, even though general prosperity may be secured.

The statistics of investment and employment seem to indicate that as the production indexes and employment indexes inch up, prosperity tends to be centered in large communities which have a history of economic success. Increases in production compare more closely with increases in aggregate hours of work than with increases in numbers of people employed. In other words, prosperity tends to be related to operating more efficient plants, generally located in more prosperous communities, for longer hours.

When the increase in production is sufficient to call forth new investments, the new investments in turn tend to be made in communities which already enjoy a high level of prosperity. Labor shortages, as they develop, are solved by using the unemployed of the cities, working overtime, or by attracting people from the hinterlands, often from chronically depressed areas. It would thus appear that the very process of prosperity tends to concentrate itself in already prosperous areas and further weaken and undermine depressed areas.

This should not be taken as a blanket argument that all depressed areas must inevitably decline to nothingness. Some areas which are presently distressed may find their locations and resources particularly suited for some new industry. But it is not likely that this happy situation will occur generally.

The obvious conclusion is that labor migration and retraining and high standards of education are the crux of any solution for combating chronic unemployment. People must be trained for jobs which exist or are likely to exist in the immediate future, even though the jobs are not in the towns in which they reside. Provisions for assisting such people, and youngsters who have never held jobs, to move where jobs do exist must be carefully integrated into the training and retraining program.

The idea of training people in one area to work in another is often repugnant to local administrators and State and Federal lawmakers who don't like to see their constituents move away. They argue that this is a policy of defeatism, when in truth it is one of mobility.

It should be emphasized that such a program would not imply that all the people of small towns will pack up and go elsewhere. It does mean that the existing tendency toward migration would be aided and assisted by State and Federal advice, administration, and funds.

Unless such a policy of labor mobility is encouraged and assisted, the United States might very well find itself in the position of subsidizing industry and people in uneconomic locations and at uneconomic tasks. The attempt to resuscitate communities which have lost their economic base could lead to an industrial policy as difficult and costly as the present farm policy.

The farm program, for political reasons, has now become a permanent fixture in the Federal budget. Wise public policy should not make the same mistake by trying to resuscitate regions which are not adaptable to the industrial technology of the mid-20th century. Nineteenth-century Americans crossed a continent to find new opportunity. Twentieth-century Americans can at least bear the hardship of moving to a neighboring State.

(Whereupon, at 12 noon, the committee recessed to reconvene at 1 p.m., of the same day.)

AFTERNOON SESSION

Present: Representatives Patman (presiding), Rains, Reuss, Vanik, Moorhead, Pepper, Weltner, Hanna, Wilson, White, Widnall, Harvey, Bolton, Brock, Taft, McDade, Talcott and Clawson.

STATEMENT OF HON. FRANKLIN D. ROOSEVELT, JR., UNDER SECRETARY OF COMMERCE; ACCOMPANIED BY WILLIAM L. BATT, JR., AREA REDEVELOPMENT ADMINISTRATOR; AND HAROLD W. WILLIAMS, DEPUTY ADMINISTRATOR, AREA REDEVELOPMENT ADMINISTRATION—Resumed

The CHAIRMAN. The committee will please come to order.

When we recessed before noon I believe the next entitled to be recognized to ask questions was Mr. Brock, of Tennessee. Since he is not here and Mr. Taft is, you are recognized.

Mr. TAFT. Thank you, Mr. Chairman.

Mr. Roosevelt, you stated, I believed, that during the last 4 months that half of the President's total authorizations under the program have been authorized, is that correct?

Mr. ROOSEVELT. Roughly half. This shows the increased pace of the effect of the pipeline, so to speak.

Mr. TAFT. Do you have any breakdown in commercial and industrial line as to the total volume or percentage used for advancing hotel and motel facilities?

Mr. ROOSEVELT. I think we have that. It is roughly 25 or 26 percent.

Mr. TAFT. Is that of the new authorizations?

Mr. ROOSEVELT. That is of those of approved projects.

Mr. TAFT. In all? That figure hasn't changed then materially from the figure which was presented to us in the earlier hearings in April?

Mr. ROOSEVELT. I think it is just about the same, isn't it, Mr. Williams?

Mr. WILLIAMS. That is correct.

Mr. TAFT. As a percentage?

Mr. ROOSEVELT. Yes.

Mr. WILLIAMS. May I read the exact figures into the record?

Mr. TAFT. Please do.

Mr. WILLIAMS. Of approved commercial and industrial projects, the number of recreational and tourism—and that includes hotel and motel plus other attractions that are of a tourism nature—are 12 percent of the total projects and 20 percent of the total investment.

Mr. TAFT. Is Ohio included in the Appalachian area, any of it?

Mr. WILLIAMS. No, sir.

Mr. TAFT. Do you consider the southeastern area of Ohio to be an appropriate area for consideration in this kind of a project?

Mr. BATT. Yes, sir; They have been invited and I think they have it under consideration.

Of course, the area was delineated by the Governors themselves.

Mr. ROOSEVELT. By the conference of Appalachian Governors.

Mr. TAFT. And Ohio was invited to that conference?

Mr. BATT. Yes, sir, and they have it under consideration. They have had representatives informally to sit in on several of the sessions.

Mr. TAFT. Mr. Batt, as to the changes suggested in the data required for section 5(a) designation, does this mean that you have the authority to establish whatever boundaries you wish in effect, and make the determinations of what is a depressed area and what isn't one?

Mr. BATT. This is fairly clearly delineated in the present joint committee report, Mr. Taft. The purpose of the Williams amendment, as we understand it, is primarily to request the Labor Department to obtain information which has not now been available about problems such as Mr. Vanik was outlining, the core city problems on which data is just now not available.

Mr. TAFT. What has been your practice? Have you gotten these figures, these designations by counties primarily or not?

Mr. BATT. Essentially by labor market areas and in many, many cases, in most cases of the United States, the labor market area and the county boundaries are the same; but in particularly the larger metropolitan areas, these are not contiguous.

They may include several counties as in the case of Detroit or Philadelphia or New York, the large cities which are much, much larger. Cleveland and Cincinnati, I am sure this is true, also.

Mr. TAFT. But under the present authority, which I gather is made even clearer by this amendment, you could draw those boundaries any way you wanted to, couldn't you?

Mr. BATT. The committee language gave us the authority to do so, but this has been very difficult to do because this data is very hard to come by.

Mr. TAFT. But for all purposes, to put it——

Mr. BATT. We have the authority but not the data.

Mr. TAFT (continuing). But to put it in common language, for all practical purposes, you could gerrymander these boundaries any way you wanted to, couldn't you?

Mr. BATT. No, sir. You have to obviously be able to make an economic case. I think it might be well at this point——

Mr. TAFT. Yes, but as to the boundaries mean. I know you have to find certain data within the area, after you determine the boundaries but you are the person who determines those boundaries and you

could put those boundaries anywhere you want under the present law and this right would be made even clearer by this amendment; isn't that the case?

Mr. BATT. Not anywhere we want. The language of the joint committee report says—

The Secretary should have broad discretion, that the Secretary should take the labor market into account—

these are quotations—

in determining the geographical boundaries of redevelopment areas. At the same time, the conferees recognize that standard labor market area boundary lines may not be appropriate to the purposes of the act because smaller areas may be more realistic. The bill therefore does not necessarily require that the labor market area boundary lines be followed.

That is correct.

Mr. TAFT. So that you have this power under the law and under the instructions, you have injunctions, that is true, but under the law, you can put it anywhere you want.

Mr. ROOSEVELT. No.

Mr. BATT. Where there is heavy unemployment is obviously the intent, the purpose and the language of the act.

Mr. BOLTON. Would the gentleman state that again?

Mr. BATT. Obviously, the intent and the purpose of the act and of the legislative history is that the areas that are eligible have to be areas with heavy unemployment or underemployment.

Mr. TAFT. I see that my time is up.

The CHAIRMAN. Mr. Pepper.

Mr. PEPPER. Mr. Roosevelt, I wish to commend both you and Mr. Batt for your excellent statements this morning. May I direct your attention to the full employment act or the Employment Act of 1946 in section 1021, United States Code, the Congress declares:

It is the continuing policy and responsibility of the Federal Government to use all practical means consistent with its needs and obligations and other essential considerations of national policy with the assistance of others—

and leaving out some—

to provide conditions under which there will be afforded useful employment opportunity including employment for those able, willing and seeking to work and to promote maximum employment, production and purchasing power.

Later, in subsection 4 of section 1022, among the other obligations of the President is to recommend a program for carrying out the policy declared in section 1021 that I have just read and provision is subsequently made for the President, from time to time thereafter, to make additional recommendations to carry out that declaration of purpose and policy.

Do you regard, Mr. Roosevelt, the recommendations of the President for this ARA program as in furtherance of that declared policy of the country inaugurated by the Congress in that act?

Mr. ROOSEVELT. Yes, sir.

Mr. PEPPER. I am pleased to observe, Mr. Roosevelt, that you took account, as did the report of this committee and the amendment of the Senate which is now in this bill, S. 1163, of the problem Dade County has in trying to take care of something like 125,000 to 150,000 Cuban refugees, most of whom arrived destitute in Dade County, and today constitute a little over 10 percent of our total population.

Mr. Williams is here with you, and I will recall, if I may, to Mr. Williams' mind a letter he wrote me June 11, in which he pointed out that in 1961, unemployment in Dade County was 9.8 percent and 50 percent above the national average at that time was 10 percent, so that Dade County came only within two-tenths of 1 percent of meeting the 50-percent requirement or criteria, which is in the present law, respecting Dade County's eligibility for ARA benefits, and in 1962, Dade County's unemployment, including Cuban refugees, as did the other figure, was 9.8 percent, 50 percent above the national average was 8.4 percent, so we were several points above the percentage, about $1\frac{1}{2}$ percent above the 50-percent requirement of eligibility under the present law.

May I add in addition to that that only this morning, I received unemployment figures from the Department of Labor indicating that for the month of June, and the figures are comparable for the preceding months of this year, the U.S. average of unemployment seasonally adjusted was 5.7 and unemployment in Dade County was 10.1 percent, including the Cuban refugees.

So that allowing that the two-tenths of 1 percent deficiency of Dade County in 1961, substantially met the present requirements of ARA; the admitted eligibility of Dade County for 1962, and the probability now apparently unquestioned that we will meet the 50-percent criteria of the present law for 1963 and having had unemployment 50 percent above the national average for 3 years we would become eligible for ARA benefits under present law at the end of 1963.

All this Senate amendment does is to make us eligible, if this amendment becomes law, a few months ahead of when we would otherwise become eligible under the law, and simply gives the people of Dade County a bit of a running start in trying to meet the pressing problems of Cuban refugees.

I have only one other thing, Mr. Roosevelt, and that is this. You are aware that if this amendment did become law and Dade County does become eligible, that we have indicated already that one of the projects that we desire to present for consideration is what we call the Inter-American Cultural and Trade Center, which, when completed, would embrace expenditures of about \$500 million and would provide approximately 100,000 jobs and 20 private jobs for every public job provided.

You are aware that one of the things we will submit for consideration and press its eligibility is that project; are you?

MR. ROOSEVELT. Yes, sir; we are aware of it. I am not familiar with the exact figures you have just quoted, but we are familiar with that project.

MR. PEPPER. Thank you very much.

THE CHAIRMAN. Mr. Brock.

MR. BROCK. Mr. Batt, if we may examine this just for a minute, a couple of the specific areas in which you work, let me first ask you: Isn't it normal procedure for an application to be submitted to ARA, and then sort of—with a sort of tentative approval or consideration anyway, it goes to the Small Business Administration for specific study as to the projected profitability or feasibility of the idea, comes back to the ARA for a determination of its priority insofar as how much funds you have left, and then it is either approved or disapproved? Is this the pattern?

Mr. BATT. Yes, sir; that is a rather abbreviated statement. We do get, of course, other technical advice from the Interior Department, if it is a mining application, from the Bureau of Forestry, if it has to do with forests, wood products, and from the BDSA—Business and Defense Services Administration—in the Department of Commerce, on questions of capacity.

We get all the advice we can from the appropriate agencies to avoid building up this technical staff of our own, and then make a final determination based on this.

Mr. BROCK. Would not the Small Business Administration be the agency which was more directly concerned with the approval or disapproval based upon the quality, shall we say, of the application?

Mr. BATT. On the financial basis, they make our principal recommendation.

Mr. BROCK. There are no political considerations as to this at any stage of the game?

Mr. BATT. Pardon me?

Mr. BROCK. I say, there are no political considerations at any stage of the game?

Mr. BATT. These designations are made on the basis of the loan providing jobs. The biggest consideration is what? Its job potential?

Mr. BROCK. Right. The reason I brought that up is because there had been some comments from people in my district that one of our projects had been jeopardized by the fact that I voted against ARA, that the ARA would disapprove the project, not on the basis of whether it was feasible or not, as on the basis of whether they had funds, but on the basis of a negative vote in the last vote before the House of Representatives. This is not true, is it?

Mr. BATT. No, sir; unless it was a project that involved a grant and this vote, of course, entered into the grant project.

Mr. BROCK. This was a loan, so it would not be a true statement then, would it?

Mr. BATT. This would not be a true statement. We have approved projects irrespective of the districts of the Congressman that they come from.

Mr. BROCK. Why would it be true, if it were a grant?

Mr. BATT. Because the grant program ended on June 30, because Congress did not continue it.

Mr. BROCK. Were the funds which were to be made available for the Space Institute at Tullahoma, do you happen to recall whether that was a grant or a loan?

Mr. BATT. That is a grant.

Mr. BROCK. A grant?

Mr. BATT. Yes.

Mr. BROCK. I see. Then that would differentiate between an industry and a public facility.

Mr. BATT. Yes, sir.

Mr. BROCK. That is the primary question that I had.

Now, in relation to the new proposal in this Senate bill on which Mr. Roosevelt, I believe, said the amendment relating to or contained in section 47, which related to section 5(b), you said the amendment would have no substantive effect on our present program.

Let me ask either one of you, if I may, where we can get the definition of an economic development area as it is contained in the Senate bill? What is an economic development area?

Mr. WILLIAMS. If I may take a crack at that question, Mr. Brock, an economic development area, as we understand the language used in the Senate bill, and I might add that that language is taken word for word from the language that was introduced in the House by Mr. Bolton, but we understand it to mean an area which is self-contained economically, in which the people of the area look to each other for their general economy, largely, rather than to some other geographical location.

Mr. BROCK. Thank you, sir. My time has expired, but I would like to comment.

The CHAIRMAN. We will get back to you, Mr. Brock, when we go around again and you can ask any questions you want to.

Mr. BROCK. That will be fine.

The CHAIRMAN. Mr. Weltner.

Mr. WELTNER. Thank you, Mr. Chairman.

I would like to attempt to coordinate some of the varying governmental functions in this same general field. The Community Facilities Administration is a part of the Housing and Home Finance Agency, isn't it, Mr. Batt?

Mr. BATT. Yes, sir.

Mr. WELTNER. That agency makes loans for the building of various facilities which could be termed quasi-public, such as privately owned homes for the elderly and the like, is that correct?

Mr. BATT. Not CFA, sir, not Community Facilities. That is another part of Housing and Home Finance.

Mr. WELTNER. The Community Facilities Administration makes money available for the building of municipal waterplants?

Mr. BATT. Sewerlines, waterlines.

Mr. WELTNER. Does your agency have any overlap on the type of construction that CFA is engaged in?

Mr. WILLIAMS. We finance many of the same things that the Community Facilities Administration finances.

For instance, a waterline or a sewageline. However, we finance them when they are directly related to industrial development, when there are jobs, direct, permanent, new jobs in an industrial or commercial facility connected with it. They would finance a project for general community use without respect to the development of new commercial or industrial facilities.

Mr. WELTNER. Is there any relationship to unemployment in the extension of CFA financing?

Mr. WILLIAMS. No, sir.

Mr. WELTNER. None that you know of?

Mr. BATT. There is none.

Mr. WILLIAMS. Except for the construction employment in the building of the facility itself, but necessarily, there is no causal relationship required necessarily in connection with the Community Facilities Administration funds.

Mr. RAINS. Will the gentleman yield?

Mr. WELTNER. Yes.

Mr. RAINS. Part of the housing bill, that is CFA's, there is no criteria in that act for employment?

Mr. BATT. Any community can get the help.

Mr. RAINS. Yes.

Mr. WELTNER. Under the accelerated public works program—what are the exact criteria set up under which a community must come in order to participate in that?

Mr. BATT. First of all, it has to be one of the areas you see on that map, one of the areas eligible under the area redevelopment program. That is the large part of areas in the country.

Then the Congress added those areas which have had heavy unemployment of 6 percent or more for 9 out of the last 12 months. Now, that adds something over 100 areas in number, by and large, cities, and so the total labor force and unemployment is about equal to the ones in these areas.

Mr. WELTNER. How does the criterion set up for eligibility under APW, accelerated public works, differ from the criteria for area redevelopment?

Mr. BATT. Quite different. There is no permanent job test in the accelerated public works. What the Congress was after in that legislation—

Mr. WELTNER. I understand that, but I am talking about to be eligible. You are talking about the effect of it. I am talking about the requirement of eligibility.

Mr. BATT. To be eligible for it? The difference is that Congress took not only the redevelopment areas under this act, but they also took those areas, labor market areas as defined by the Department of Labor, which have had unemployment above the national—above 6 percent for 9 out of the last 12 months. This brought in a number of cities, like Miami, like New Orleans, Buffalo, Toledo, for some time, that otherwise were not—Youngstown came in—were not eligible under this program.

Mr. WELTNER. You mean that the city of Miami is eligible for accelerated public works but not for area development administration?

Mr. BATT. That is correct. It also brought in Philadelphia and it brought in San Diego, and it brought in Birmingham, and might bring in—

Mr. WELTNER. If this language in section 3 of the Senate bill amending section 5(a) is adopted, will that make the criteria identical?

Mr. BATT. No, no.

Mr. WELTNER. There would still be a difference?

Mr. BATT. There is no intention under any language in the Senate bill to widen the criteria.

Mr. WELTNER. The 9 out of 12 months provision, in effect, applies only to Miami, doesn't it?

Mr. BATT. That is right.

Mr. WELTNER. Because of the added factor of the Cuban refugees?

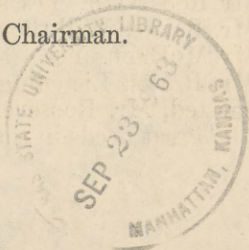
Mr. BATT. That is right.

Mr. WELTNER. That is all, thank you, Mr. Chairman.

Mr. PEPPER. Will the gentleman yield?

Mr. WELTNER. My time has expired.

The CHAIRMAN. Mr. McDade?



Mr. McDADE. I would like to address some questions to Mr. Roosevelt, if I may.

You referred earlier to a Commission on Appalachia, the President's Commission on Appalachia.

Mr. ROOSEVELT. Yes, sir, the Federal-State Commission.

Mr. McDADE. I would like to know exactly, first of all, what States are involved.

Mr. ROOSEVELT. There are the following States: Pennsylvania, Kentucky, West Virginia, Virginia, Tennessee, Alabama, and a small corner of Georgia.

Mr. McDADE. Was this set up by Executive order or what? How does this Commission come into being? Was it set up by Executive order?

Mr. ROOSEVELT. It is not an executive order. It was set up at the meeting of the Governors of the Conference of Appalachian Governors, which are the Governors of these States I have mentioned, with the President, and the President then asked these Governors to join in a Federal-State Commission.

The Governors are members of this group, and the members of the Cabinet whose agencies deal with this area, such as the Secretary of the Army, for example, whose Corps of Engineers has many projects in this area.

Mr. McDADE. Could you put into the record, if I may interrupt you there, outside of the Governors of the various States that you have mentioned, the representation at the Federal level?

Mr. ROOSEVELT. Yes, sir. The agencies are the Departments of Interior, of Agriculture, of Treasury, of Commerce, of Labor, of HEW, of the Army, the Atomic Energy Commission, TVA, HHFA, SBA, and the Bureau of the Budget; NASA is also represented.

Mr. McDADE. NASA is also represented?

Mr. ROOSEVELT. Yes.

Mr. McDADE. You mentioned previously that you were primarily concerned as I understand your testimony, this Commission was primarily concerned with the development basically of the three major resources within the area of Appalachia, is that right?

Mr. ROOSEVELT. No. Our directive from the President is to examine the problems of transportation, the development of the national and human resources and to also study the possibility of Appalachian Institute for continuing analysis of the problems of Appalachia.

He also gave the Commission very broad authority to pursue any other related topic. In other words, what we are trying to do is, No. 1, to analyze the problems, and then, No. 2, to come up with a long term, what I call, a blueprint of action within the area.

Mr. McDADE. Is there a time limit within which you are supposed to come up with this blueprint?

Mr. ROOSEVELT. Yes, sir, January 1.

Mr. McDADE. January 1 of next year?

Mr. ROOSEVELT. Yes, sir.

Mr. RAINS. Will the gentleman yield there just for a moment?

Mr. McDADE. Yes.

Mr. RAINS. Listening to the names of the Cabinet officers that you suggested, Mr. Roosevelt, I would like to suggest another one. One of the great needs in that area down there, and I hail from it, as does

the gentleman from Pennsylvania, is reclamation, and there are bills by Saylor of Pennsylvania, by myself from Alabama, to include east of the Mississippi River, the Appalachian areas in the Bureau of Reclamation, which would do a lot for your area, mine, and all the others.

I just drop that for a suggestion because, it seems to me, it should be considered.

Mr. ROOSEVELT. The Bureau of Reclamation is included in the representation of the Secretary of Interior, Mr. Udall.

Mr. RAINS. Thank you.

Mr. McDADE. As I take it, the general function of this Commission is to take a broad look apparently at this entire area; is that right?

Mr. ROOSEVELT. That is a rather abbreviated way of putting it, yes.

Mr. McDADE. I want to know exactly. This interests me, this Commission. I would like to know outside of the general statements, for example, you were talking about coal mining—

Mr. ROOSEVELT. Yes.

Mr. McDADE. There has been considerable of that done in my area in and around the city of Scranton, and I would be very interested in knowing exactly, in mentioning the three basic resources, you mentioned coal, I want to know if you are planning to put us back into the coal business up there or exactly what your proposals are or whether you have reached any definitive idea as to where you are going with this thing?

Mr. ROOSEVELT. Any project which increases the use of coal would, I assume, put Scranton back in the coal business.

Mr. McDADE. Your assumption may be wrong, because most of the coal in that area is now under water.

Mr. ROOSEVELT. Under water?

Mr. McDADE. Yes.

Mr. ROOSEVELT. What I intended to imply was that naturally any study of Appalachia must include a study of the potential increase in the consumption of coal. It is the most obvious, well-known resource of the area, and continuing research into new uses of coal, continuing efforts to increase export of coal, for example, is very much within the purview of our interests, and we will have a section in our report dealing with this area.

Mr. McDADE. My time is up.

The CHAIRMAN. Mr. Wilson.

Mr. WILSON. Mr. Batt, you were referring to the Park City, Utah, project, and you mentioned some tour that you made with Senators Bennett and King. There is no Senator King in Utah.

Mr. BATT. I am sorry, Senator Moss.

Mr. WILSON. You didn't mean you were touring there during the election time with Representative King, did you? Was that a slip?

Mr. BATT. Senator Moss and Senator Bennett both asked me to come out at this ground breaking.

Mr. WILSON. And that was recently? It wasn't last November—October, or November?

Mr. BATT. It was a couple of months ago.

Mr. WILSON. I am glad to have that assurance. I like to have all the Democrats possible here in Congress, but I think that a program that is potentially as valuable as this should be administered on as non-partisan a basis as possible, too.

Mr. BATT. I think one of the implications of my mentioning that was the fact that both Senators of both parties from the same State asked me out to this ground-breaking ceremony as an indication of the tremendous support this project had. The Governor, who is a Republican, was up there helping us break ground for this, and the Park City Mining Co., and the Anaconda Copper Mining Co., and others joined in the financing of this effort, and it indicated to me the joining of not only both partisan interests, but also business and labor in a kind of diversification effort, which I wish that the mining companies in Pennsylvania had this kind of backing.

Mr. WILSON. That is fine. Now, Mr. Taft indicated he is going to reintroduce an amendment on the civil rights issue that would place an antidiscrimination amendment into this act.

Mr. Roosevelt, what is your opinion about such an amendment?

Mr. ROOSEVELT. First, let me say that there has never been any charge or complaint that I know of that ARA has been administered in any discriminatory way whatsoever.

Secondly, I wonder why, in view of the President's recommendations in this field, the gentleman from Ohio seeks to put such an amendment on ARA. I don't believe it was considered with regard to a number of other pieces of legislation such as the Small Business Administration, and others.

I believe that the present package of civil rights bills that the President has submitted, and on which I have testified before the Commerce Committee, would take care of any problems which Mr. Taft may have in mind, and so I just think this, to be very blunt about it, I believe that Mr. Taft is opposed to this bill, and I think he is trying to bring in something which is quite extraneous to the purposes of this bill, and which, on the record in the administration of this bill, there has been no complaint about this subject whatsoever.

Mr. WILSON. I am assuming he is sincere about it. I have been lulled into this as a new man on the Democratic side, have been lulled into this idea that any civil rights amendment was designed to kill legislation, and yet it seems to me that our party should be taking the lead in this type of thing, and I think I have just about discontinued voting against civil rights amendments that are intended to strengthen programs of this type where there is Federal spending.

Mr. ROOSEVELT. Mr. Wilson, I believe in view of both the President's Executive orders and the package of civil rights bills which he has submitted to the Congress, this properly puts the whole area of civil rights as it should be before the Congress as an overall issue, and it permits the Congress to approach these other legislative problems, such as the ARA bill, on their merits and not involved in the problems of civil rights, and I think that is as it should be.

The Judiciary Committee of this House is right now considering the civil rights measure which the President has submitted, and I am sure that the members of this committee would want to restrict their consideration to subject matters and to legislation which properly comes before this committee.

Now, of course, I recognize that under the rules of the House, you can always put in this kind of an amendment, but I think it is unnecessary in view of the legislation that is now pending before the Judiciary Committee.

Mr. WILSON. I intend to support all of that, and I think I will probably support any civil rights amendment to this and in any future spending bills that affect all the States of the country. Thank you, Mr. Chairman.

The CHAIRMAN. Have you finished?

Mr. WILSON. Do I have any more time? I have one more question.

The CHAIRMAN. Your time has expired. Mr. Talcott.

Mr. TALCOTT. Mr. Roosevelt, as a preface to my question, you seemed to indicate agreement with the chairman when he suggested that many people in foreign lands were benefiting more from our foreign aid program than some of our own people were benefiting from our domestic programs such as ARA—do you know of anyone in any other country in better circumstances than someone who is receiving aid in this country?

Mr. ROOSEVELT. Mr. Talcott, I used to be on the Foreign Affairs Committee of this House when it was considering the Marshall plan and its successors.

Mr. TALCOTT. But I am talking about right now, Mr. Roosevelt.

Mr. ROOSEVELT. In my travels around the world only in recent months, I can tell you that I am well aware of people living in conditions in other parts of the world which I do not believe exist in this country.

Mr. TALCOTT. They are better conditions?

Mr. ROOSEVELT. No, worse.

Mr. TALCOTT. I am asking you is there anybody who is receiving our foreign aid who is living in better conditions than our people are, who are receiving aid under ARA?

In other words, I think it would be stupid to send our money to people in foreign countries who are living better than people who are living here and we should cut it out.

Mr. ROOSEVELT. I wouldn't say that there are people receiving the benefits of our foreign aid program who are living better than we are here in the United States, but, Congressman, I think this is a question of average rather than specific cases.

Mr. TALCOTT. Do you think people on an average in foreign countries are in a better position than our people are, who are receiving foreign aid?

Mr. ROOSEVELT. I just said "No."

Mr. TALCOTT. Now some of your leadership have declared that they are not a party to this "cotton-ARA" deal. Can you tell me whether or not you are a party to the deal?

Mr. ROOSEVELT. No, I am not.

Mr. TALCOTT. Can you tell me how it is arranged?

Mr. ROOSEVELT. The cotton bill has no relationship to the Commerce Department whatsoever.

Mr. TALCOTT. Have you talked with anybody about the cotton deal?

Mr. ROOSEVELT. No, sir, I have not.

Mr. TALCOTT. Can you tell me how the ARA bill is getting before the House sooner than the cotton bill? Do you know how that is arranged?

Mr. ROOSEVELT. I am not in the leadership of the Congress and therefore, I have no knowledge of why bills are called up when they are called up.

Mr. TALCOTT. The leadership has denied it but I thought you, being interested in ARA, might know something about it, and I would like to know if you do.

Mr. ROOSEVELT. We are more than anxious to have the ARA bill come before the House soon, because we feel that, for example, the grant program under ARA is now in abeyance and we feel that if the purposes of the bill are to be carried forward——

Mr. TALCOTT. I take it your answer is "No."

Mr. ROOSEVELT (continuing). The House should act as quickly as possible.

Mr. TALCOTT. Mr. Batt, I have the understanding that you have been promoting some mass migration of people into my area, for one, in fact, it is suggested that thousands of unemployed people be sent out to California to work in the fields for 2 to 3 months' employment.

Now, you have just said this morning here that you didn't believe that people should be moved from one adjoining State to another for full employment. Am I in error in either one of my two statements?

Mr. BATT. I don't understand what you are referring to, Mr. Talcott.

Mr. TALCOTT. You are a Director of the National Advisory Committee on Farm Labor, are you not? The Executive Director is a Fay Bennett. One of the people on the board is a William L. Batt, Jr., is that you?

Mr. BATT. Yes, sir.

Mr. TALCOTT. Others are: Norman Thomas, Helen Gahagan Douglas, you are familiar with that organization?

Mr. BATT. Yes, sir, and Mrs. Roosevelt was.

Mr. TALCOTT. Well, she is not on it now, is she?

Mr. BATT. No.

Mr. TALCOTT. This organization, as I understand it, is promoting the migration of thousands of people from the slums and pockets of unemployment on the east coast and the South to California.

Mr. BATT. I am not aware of that.

Mr. TALCOTT. Does such proposal comport with your suggestion here that we should not have people migrate from one adjoining State to another for full-time jobs?

Mr. BATT. I am not aware that they are, sir, and on the question of migration and the article that Mr. Widnall raised earlier, I think that you cannot convince the people of these heavy unemployment areas like Scranton, and Mr. McDade, that the answer, the solution is to close up the town and move the people out.

Mr. TALCOTT. Would you not be opposed then to migration of thousands of people to go out and work in the fields in California?

Mr. BATT. I don't think anybody is seriously proposing moving slum people——

Mr. TALCOTT. They may not be taking it seriously but I think they are proposing it. You gave us a report the last time you were before our committee on several things. One of them was an "activity summary report," and there were some statements about industrial loans and how much money was loaned or granted and how many new jobs would be created.

You are familiar with that report, are you not?

Mr. BATT. Yes, sir; I am sure I am.

Mr. TALCOTT. I wrote to six of them just at random and asked them if they would give me some idea about the number of new jobs that were going to be created and I didn't hear from any of them.

Did you have any correspondence with them and tell them not to correspond with me?

Mr. BATT. I don't have any awareness of that. We approved 370 loans, which 6 were they?

Mr. TALCOTT. I thought maybe they might have come to you.

Mr. BATT. No, sir. These are private businessmen in the communities of the United States who lead their own lives.

Mr. TALCOTT. I wrote these letters on April 2, and on June 28, after we had the vote on the floor, I received a reply from W. C. Sullivan, president of Naples Chamber of Commerce, and he said that he had delayed answering my letter of April 2, over 2 months, pending approval of an additional ARA loan supplementing the first loan of \$325,000.

Did you give those people down there any idea that they would get a supplemental loan?

Mr. BATT. They had an application in. They had it in for some time.

Mr. TALCOTT. Did you give them any hope that this would be approved, a supplemental loan would be approved?

Mr. BATT. Mr. Williams, do you know anything about the Naples Community Inn?

Mr. WILLIAMS. The Naples Community Inn was approved. After the approval, the plans had to be completed and contracts let, and when the contracts were let, it was found that the amounts needed to be changed and each borrower concerned put in more money.

Mr. TALCOTT. He also wrote to me that the Community Inn down there, when completed, will employ at the beginning of the operation—this was for a 50-unit motel, by the way, and it is supposed to create 50 new jobs, and I just assumed they would be decent jobs so I wanted to find out about it—

The CHAIRMAN. What is the name of the place?

Mr. TALCOTT. It is in Naples. It is in the Naples Community Inn of America, Inc.

Mr. WILLIAMS. In Texas.

The CHAIRMAN. I think that is in my district.

Mr. TALCOTT. The chamber of commerce man back there wrote that at the beginning of the operation there would be only 25 full-time employees. That is only half of what you told us it would be.

Now can I assume from this specific case that you have exaggerated, padded, overestimated, or misrepresented to us about the number of jobs that are going to be created throughout this whole country, or is this just an isolated situation?

Mr. WILLIAMS. No, there would be 25 jobs at the beginning and 50 jobs at the end of 1 year. All of our figures are estimated for full employment at the end of 1 year.

Mr. TALCOTT. This fellow went on to say: "If we get the new loan maybe there would be 40 employees." That doesn't comport with what you are telling me now.

Mr. BATT. Was he the head of the chamber of commerce or the head of the applicants?

Mr. TALCOTT. He responded to my letter to the company, so I assume that he had some connection with the company and some connection with the people in Naples.

Mr. BATT. His statement, Congressman, is backed up by their application and with the usual requirements of accuracy in any businessman making any application for a Federal loan from the Government. The usual procedure provides severe penalties for false statements.

Mr. TALCOTT. I would like to ask one more question. I know my time is up, but I got cut off the last time I was talking with this fellow. I asked him about the cost of a film. He showed us a very impressive film which made it appear like this was the best agency the Government had ever created, and I asked him back at that time, which was back in April, if he would give us the cost of that film, and I have not yet received the information concerning the cost of the film, although 2 days before we voted on this bill on the floor of the House, he sent somebody around to me and told me that he would get that specific information for me, I was entitled to have it, and he would certainly get it to me, and I still have neither heard nor received anything about it.

Mr. BATT. We will be happy to place that data in the record right now.

Mr. PEPPER. I hope you are going to commend him for following up so closely.

Mr. TALCOTT. I don't think he is going to be doing it.

Mr. BATT. We will be happy to place that information in the record right now.

The CHAIRMAN. We will see if we can't get it. Does it have much bearing on this particular bill?

Mr. TALCOTT. I think it shows, Mr. Chairman, that most of this money is self-promotion. They send people around the country showing this film. They spent money on the film, which I think was in excess of \$25,000.

They are putting signs up all over the countryside, big wooden signs that are painted and printed by somebody who must pay something. I think they should spend their money on ARA programs rather than promotion.

The CHAIRMAN. Isn't that done generally by business, industry, commerce, and everybody else?

Mr. TALCOTT. It may be done by business, but it is done with their own money. This is done with our money. I don't think it is proper. This may be only a personal opinion, but I want to find out how much they are spending on it.

Mr. BATT. You are very close. That original contract in the Princeton Report was \$24,965. You are just \$35 off.

Mr. TALCOTT. I would like to have the information, and I have been trying to get it by a series of letters and personal contacts for over 3 months now.

Mr. BATT. Congressman, I personally reviewed this testimony, and I do not see in this testimony any place where we promised to provide that information for you.

Mr. TALCOTT. At the time you showed the film, and right after the film, I talked with you and you introduced me to a man named

Hofstadder, or something like that, and he was to provide me with the information, and I talked with him.

Mr. BATT. I wasn't here at the showing of the film.

The CHAIRMAN. Can't we conclude? Haven't you furnished the information?

Mr. BATT. Yes, sir; we have furnished the information.

The CHAIRMAN. That is the end of it.

(The material referred follows:)

ARA FILM, "JOBS FOR AMERICA"

The film was produced by the Princeton Report, Inc., for ARA at a cost of \$24,965, under contract No. Cc-5965, dated June 29, 1962, signed by George F. Merlino as contracting officer and Gordon Knox for the Princeton Report.

The contract called for three progress payments of \$6,000 each and a final payment of \$6,965, all of which were made on schedule. Final payment was approved and forwarded for payment on October 31, 1962.

The original contract called for one copy of completed film in color. Subsequently 76 copies of the original version were ordered and distributed, at a cost of \$8,930; and 21 additional copies were purchased after minor changes, at a cost of \$3,802.80. Total cost of film and prints was \$37,697.80.

To date, 65 television stations have used "Jobs for America," including larger stations such as WMAR-TV in Baltimore.

In addition, approximately 500,000 people have viewed the film through showings booked through the ARA Office of Public Affairs. This total does not include showings made by ARA field coordinators to redevelopment groups and other interested persons in redevelopment areas. Each field coordinator has been provided with a copy of the film. Still other showings have been scheduled by the Princeton Report, Inc.

The majority of requests for showings of the film come from local chambers of commerce, Lions Clubs and similar groups, and redevelopment committees. The AFL-CIO has also requested copies of the film for showings to labor and similar groups.

Senator Paul Douglas, Congressman Wright Patman, and Mr. Malcomb Kilduff of the White House have each requested and received a copy of the film.

The CHAIRMAN. Mr. White.

Mr. WHITE. Mr. Batt, during the debate on the floor of the House of Representatives when we were considering the ARA bill, several references were made to the ski slides, as I recall and I would like to bring your attention to the fact that one of the slides happens to be in the county in which I live. The economy of this county has been geared to timber products and mining for some time.

For one reason or another, I won't go into the reasons at this time, this economy has been in a state of decline for some time, and we have quite an unemployment situation in our county, and it was one of the first counties in the United States to qualify under ARA, and through the efforts of ARA we were granted a loan.

I would like to point out to you that this Schwietzer Ski basin development has bipartisan support in the county, and that the county has raised funds in excess of \$100,000 for this recreational development, and it has given new impetus to the economy of that county, and we think that we will ultimately develop a year-round recreation area.

The question I would like to ask you, notwithstanding the criticism of the ARA program in this field, don't you feel that this project is more or less typical of your recreational developments and that ARA has been able to give quite an impetus to local economies through the development of recreational areas?

Mr. BATT. Yes, sir; I think that that case in your district is a very good one. I think the Park City case I referred to in my testimony, which also has broad bipartisan support in the area, in their case and in this case will probably provide more jobs than there is unemployment in the two-county area.

We think this is very basic, and I think it refers to Mr. Taft's question about percentages of hotels and motels, and Mr. Williams answered that as to a percentage for all tourism. In many of these projects as in yours, I don't know whether yours included any hotel or motel at all.

Mr. WHITE. The hotel and motel people in my county are very much in favor of this project even though it includes a lodge. The people can see a great number of people coming in the area and taking advantage of all the facilities in the county.

I would also like to point out to you that in other areas of my district where we have had a declining lumber industry, that the ARA has gone into those areas and has participated and cooperated, and it has given local lumber operators a chance to upgrade a product that they haven't been able to sell without this upgrading. Hasn't this been typical of these ARA projects?

Mr. BATT. Yes, sir; it has.

Mr. WHITE. And I would also like to say to you that some of the criticisms that have been leveled against ARA and the manner in which these loans have been made are unfounded. I can certainly attest to the fact that investigations by SBA and BDSA have been more than adequate for certain of these projects.

I have one that has been dragging now for about 3 or 4 months, and it is because they have been very carefully scrutinizing this to see if there would be any adverse effect of this particular project, and I am referring to a plywood plant that happens to be in my district. I am hoping that the investigation will soon be complete.

Mr. BATT. Yes, sir. Most of the criticism we get is that we take too long and are too thorough in the investigation of these products.

Mr. WHITE. I would like to also point out to Mr. Roosevelt, I am hoping that in your Appalachia investigation that you will take into account activities that are presently underway in the Congress, particularly in the Interior and Insular Affairs Committee of which I am a member dealing with water resources, pollution, all of the things that you have mentioned, coal, gasification of coal that are presently underway, and very closely coordinated with the activities that you have in that area with those programs that are now being considered on a very broad scale in the Interior and Insular Affairs Committee.

Mr. ROOSEVELT. Yes, Congressman. The Department of the Interior is represented on this Commission, is very active in its proceedings, and a major part of the report to the President will deal with the subject you have just mentioned, and we certainly look forward to working with your committee in this area, working with it.

Mr. WHITE. Thank you.

The CHAIRMAN. Mr. Clawson.

Mr. CLAWSON. I have no questions.

The CHAIRMAN. Mr. Hanna.

Mr. HANNA. Mr. Chairman, I have only one question. I wonder if you gentlemen have developed any figures or would you care to

make a brief comment relative to the benefits that you can either demonstrate or predict that would flow to districts not actually and directly involved in the program. Are there any benefits that go indirectly to other areas?

Mr. ROOSEVELT. Let me see if I can answer that this way. The fact that a depressed area exists within the Nation's economy or many depressed areas is a depressing factor on the economy as a whole.

As the economy of a depressed area is rejuvenated, it is brought up, unemployment is reduced, the standard of living is raised, then the economy of the country as a whole is raised.

If, for example, in depressed areas in eastern Kentucky their standard of living increases, unemployment decreases. They can buy the shoes and the clothes and the food that they need. This will benefit the producing areas outside of eastern Kentucky.

So, therefore, the elimination of these pockets of depression will help the nation's economy achieve a higher plane across the board.

Mr. HANNA. Mr. Roosevelt, would there be possibly some direct figures that could be produced relative to things like, for example, those motels and hotels that have been receiving a great deal of criticism?

Is there a possibility of relating perhaps the amount of business in terms of furniture that is done in connection with those places which have an impact upon an economy that was quite far removed from them?

I think, coming from a district in which there is no likelihood that ARA in the near future will have any activity whatsoever, it is important to me to be able to relate this kind of a program to my people in terms of some of the benefits which may be indirect or long term, and specific rather than in general.

Mr. ROOSEVELT. Quite obviously the centers of the furniture industry in North Carolina and in Grand Rapids, Mich., to just mention two, were benefited from the orders for furniture that possibly were placed by the new tourist facilities in some of the State parks in eastern Kentucky, where they have a very forwardgoing program. That is a very graphic example.

But also the mere fact that new jobs are created there provided those people with the opportunity of buying some of the necessities of life which they did not have before.

Mr. BATT. I would like to make two comments on that. One, I went through a plant that we had helped finance in southern West Virginia, and all the machinery had come from outside that area, much of it from districts far removed.

To get any measure of the impact on the areas, you would have to almost go around to every one of these plants and look at the sign on every single machine and cost it and find out where it is located. This is one thing that impressed me going through this plant in southern West Virginia.

Another one is perhaps not so obvious, and I saw this, as Congressman McDade knows so dramatically. In our State of Pennsylvania where so much of the State, as you see, is eligible for help in this program because of heavy unemployment, I spent 3 years as secretary of labor and industry and administered the unemployment insurance program.

These areas that you see in red and pink are subsidized by the areas that are white, by the prosperous areas, particularly in unemployment insurance and in public assistance. They don't carry themselves at all. The unemployment insurance tax of course is a tax 100 percent on employers.

So the prosperous employers and the prosperous industries of the State in areas such as Lancaster and Philadelphia are carrying the coal sections of the State which are deficit areas on unemployment insurance taxation.

If in Pennsylvania, if the unemployment problem could be solved in these areas, it would be an enormous, undoubted blessing to the businesses of the more prosperous sections of the State.

Mr. HANNA. What you are telling us here is the application of the piper. You are going to pay the piper in one way or another. The problem is not going to go away. And we are as a matter of fact paying now in a way that perhaps is—

Mr. BATT. We are paying vastly larger amounts in a straight subsidy in the form of unemployment insurance, which would be cut down enormously if this albatross could be taken off of the neck of the country.

Mr. HANNA. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Widnall, we are going around a second time now.

Mr. WIDNALL. Mr. Roosevelt, Senator Bennett of Utah during the ARA debate said he had questioned and received replies from 47 State development agencies indicating the factors in order of priority for business location.

He found that available buildings or good building sites ranged 9th and adequate financial sources were 10th. Both of these factors are what ARA is designed to contribute to.

The eight are markets, trained and adequate labor force, availability of raw material, good transportation facilities and connections, low-cost fuel and power, adequate water, favorable business climate including Government regulations and worker attitudes, and a fair tax structure.

While the ARA program does include training, if this is done by the Labor Department it could very easily be incorporated entirely under the manpower retraining programs and other programs.

The same is true with respect to adequate water, emergency or other public works measures, community facilities, administration projects which all can be used instead of ARA. I wonder what makes you believe that ARA stands a chance in attracting viable economic enterprises to regions for resuscitating industry already there?

Mr. ROOSEVELT. I think in the tour I made of the Appalachian area, one of the most difficult problems faced by these communities, and I have in mind now a mayor who had been mayor for some 23 years of his community in western Tennessee, he was luckily retired or his drugstore made enough money that he could afford the time to go around and tap the resources of all the various Federal agencies who could help his community.

He needed primarily a waterplant and a sewage disposal plant before he could bring in new industry. He worked with the community facilities through ARA. He got these two facilities, public facilities,

and as a result he was able to attract two plants that provided almost 500 new jobs, and he was on the verge of getting two more that would bring in another 350 jobs.

This to me was a graphic description of the difficulties of a community official in grappling with the broad, overall functions of the Federal Government carried on by many, many institutions of the Government, of the Federal Government.

Now one of the things that ARA does it seems to me is to pull together a lot of these activities and coordinate them for the local official, for the local community leaders, and I think that is a contribution which would vanish in thin air if ARA did not exist.

Mr. WIDNALL. Mr. Roosevelt. What was the name of that community?

Mr. ROOSEVELT. I can't remember right off hand, but I can look it up and get it for you; yes, sir.

Mr. WIDNALL. Are you familiar with the amendment which was offered by Senator Miller of Iowa of the Senate, which would have included under the program rural areas showing substantial decline in farming—

Mr. ROOSEVELT. Will you repeat that again?

Mr. WIDNALL. Are you familiar with the amendment that was sponsored in the Senate by Senator Miller of Iowa, which would have included under the program rural counties showing a substantial decline in farming, and an increase of migration to the cities?

Senator Douglas estimated this would bring in almost another thousand counties into the program, and he protested against this on the grounds that this was a broadside and not a rifle shot approach. Do you agree?

Mr. ROOSEVELT. I generally agree with Senator Douglas.

Mr. WIDNALL. That is not answering the question.

Mr. ROOSEVELT. I think that it is quite true, the impact of that amendment would have been very difficult to measure and would have complicated the whole situation with regard to this bill. If you would like, we can try and do a study to see what the ultimate effect would have been. But I believe that amendment was defeated.

Mr. BATT. It was defeated in the Senate.

Mr. WIDNALL. I know that, but in fairness to Senator Miller, do you have any figures on the number of counties that will be included in the Senate amendment to include contiguous areas that are included in the program if it becomes law?

Mr. Batt oversimplified this I think by pointing to one little white section, in Pennsylvania, but I think you can point to a great many places on that map that would be affected by that proposal.

Mr. BATT. Mr. Widnall, this was proposed by Senator Scott, and it was lifted from the language of Mr. Bolton's amendment that was defeated in the House. We have no strong feeling about it. We are perfectly happy if the committee wants to strike it out. We are perfectly agreeable.

Mr. WIDNALL. I might make a comment in connection with that. When Senator Scott originally offered the amendment, it was part of a comprehensive change of the criteria of the redevelopment areas, which was the one offered in the House by Mr. Bolton, as I recall.

The leadership on the Senate side refused to accept the amendment, and this part was included. Don't you think, both of you—I would like your comments—that it would be better to include in this bill criteria to narrow down the scope of the amendment?

Mr. ROOSEVELT. To narrow down the scope of the amendment?

Mr. WIDNALL. Of the Scott amendment.

Mr. ROOSEVELT. We feel that this amendment actually only re-states the authority which already exists from the basic act, and is available to the Administrator.

Mr. RAINS. Will the gentleman yield? Don't you really think it would be better just to eliminate that in our bill?

Mr. WIDNALL. If it is going to cover the whole United States, as I believe it is, I would certainly say so.

Mr. RAINS. Off the record.

(Discussion off the record.)

Mr. WIDNALL. I understand that the whole Upper Peninsula of Michigan is included, 15 counties, I believe?

Mr. BATT. Yes, sir.

Mr. WIDNALL. Have been included under the present program.

Mr. BATT. That is correct.

Mr. WIDNALL. And 14 have organized to deal with ARA, and the same type of situation exists on a regional basis in Maine where there are 6 full counties and parts of 2 others that actually have half of the geographic area of the State and a third of the population. They are under the ARA program.

Can't you use the present law to help solve regional problems?

Mr. BATT. It is now being used. It is being used, depending on the initiative of the area concerned.

The Upper Peninsula people wanted to attack it on a regional basis and they are doing so.

On some problems they are reaching out and working together with the people in Minnesota and Wisconsin, northern Wisconsin.

An effort of long standing, far predating our effort, has been made in Congressman McDade's area for all of the anthracite country to work together.

So these efforts are locally inspired, and we encourage them, do everything we can to help them.

Mr. WIDNALL. You are indicating that there is in the present law sufficient authority to deal with these situations?

Mr. BATT. Certainly.

Mr. WIDNALL. The Constitution authorizes interstate compacts to handle regional problems.

Have any contacts been made to interest the States in a controlled approach rather than having a broadside declaration in the law?

Mr. ROOSEVELT. I suppose this might come under the general area being considered by the President's Federal-State Commission on Appalachia.

Several, in fact all, of the Governors have recommended a regional approach to the Appalachian area. Among the proposals that have been made and will be considered by the Commission is the establishment of an interstate compact. Another would be the establishment of an authority.

There are many pros and cons, as you can well understand, Congressman, to any such proposal, and all I can say now is that, of course, the Commission will have to consider these various concepts.

Mr. WIDNALL. In connection with the Appalachian Commission that has been organized, I believe that seems to be a more attractive approach than doing what we are doing here through ARA.

What has particularly disturbed so many of the minority has been the fact that out of every \$5 that has been spent up to now only \$2 has been spent on the hard core depressed areas where the impact and the blight has been the greatest in the United States. Three dollars out of five dollars has been to the so-called underemployed areas.

My time is up. I would like to follow that up.

Mr. BATT. I would just like to comment, Congressman, of course, Congress controls this by equalizing the application of the total authorizations as between rural and urban areas.

Mr. WIDNALL. May I just make this statement? If it is equalized, I don't understand why the money was parceled out quicker to the underemployed areas than to the unemployed areas.

Mr. WILLIAMS. It isn't a question of parceling out, Mr. Widnall. They will never be exactly the same at any one moment, but certainly they will end up equally, because when we reach the end of our authorization in any one area we will stop, and when the other area catches up it will be equal.

The CHAIRMAN. Mr. Rains.

Mr. RAINS. You are talking about the limitation imposed State-by-State in the law?

Mr. BATT. No, as between urban and rural areas, Congressman.

Mr. RAINS. Mr. Batt, when we had this bill up, I don't remember when, anyway, when it was first enacted Governor Scranton of Pennsylvania was at that time a member of this committee, and he had an amendment in the committee that at that time I didn't quite understand the full import of, and I think I opposed the amendment, but I am beginning to wonder if something along that line wouldn't be wise.

For the benefit of the committee, I would like for you just to tell me what a State committee under ARA does, what it can do, what authority it has, who constitutes it, and how it is made up.

Is the Governor one member of it, the State planning commission; isn't that correct?

Mr. WILLIAMS. Mr. Rains, there is no standard pattern for securing State approval of ARA projects. We require each Governor to name a designated agency to certify to ARA that the project is consistent with an approved overall economic development.

Mr. RAINS. In my State, that would be the State planning commission.

Mr. WILLIAMS. Then the State planning commission would be the State committee in your district, in your State.

In Pennsylvania it happens to be the Secretary of Commerce, and he certifies without reference to a committee.

Now in many other States where the rural area development program of the Department of Agriculture is important, the rural area development committee, State rural area development committee, reviews programs and comments on them to the Secretary of Agriculture, who relays them to us.

So there is no common pattern. But in each case there is review of each project by a responsible designated agency designated to do so by the Governor of the State.

This is true in every one of the 50 States.

Mr. BOLTON. Will the gentleman yield for a short question?

Mr. RAINS. Yes.

Mr. BOLTON. Could I inquire how many have ever been turned down by a State?

Mr. WILLIAMS. We would have no way of knowing how many have ever been turned down by a State because they never then come to us.

However, I do know in my personal knowledge of at least 10 which have been turned down at the State and never saw the light of day. I am sure there are many more.

Mr. RAINS. Could we do—I am not trying to hamstring it now. I have heard some complaints, I heard it in the debate, about screening these projects sufficiently at the local or State level.

So I was wondering if we couldn't get some kind of an amendment in this particular bill that would tighten up the screening process and give a little more attention to it at the State level.

Do you have any great objection to that if we did?

Mr. WILLIAMS. Sir, I am the one who is on the firing line mostly for the so-called delay in processing ARA projects, and I must confess that I find it hard to take with equanimity the idea of one more step that a project would have to go through in the long and tortuous road up to final and eventual approval.

Mr. RAINS. I remember that in the committee report we said that the applications for financial assistance under the ARA are reviewed at local, State, and Federal levels and are considered from every aspect, technical, economic, legal, and financial.

We said that this extensive review assures that the aid will be used to carry out the intent of the act and that the projects will be sound and here will be a demonstrated need.

I just wondered if we had been completely doing that all the way through.

I don't want to slow them down, they are too slow already, as a matter of fact, I agree with you. But it does seem to me that there would be possibly a better public image and I think it would set well with a lot of people in the Congress if we had a little more careful attention to it at the State level.

Do you think we can do that without tying you down too much?

Mr. WILLIAMS. Yes, sir, I think we can. I think that your remarks here and the report of the committee would certainly be very useful to us in making sure that this kind of careful review at the State level is carried out.

Mr. RAINS. Do you remember or were you here when we were first considering it—do you remember Mr. Batt or does anybody offhand remember the exact wording of the Scranton amendment when we considered this at first?

Mr. BATT. No, sir, I confess I don't although Governor Scranton has been a great supporter of this legislation from the beginning.

Mr. RAINS. He was a great supporter of it on this committee. I wish the staff, Mr. Chairman, would dig back into proceedings when we first had it up to see if we can come up with what I remember was the Scranton amendment.

The CHAIRMAN. I recall it. I am sure we can locate it.

Mr. RAINS. Thank you very much. My time is up.

The CHAIRMAN. Mr. Harvey?

Mr. HARVEY. Mr. Batt, on June 12 when this came up on the floor of the House, or the day before, I sat down with the activities summary report that the Department of Commerce puts out and went through the industrial loan section, that category of industrial loans for the State of Michigan, and itemized all the industrial loans.

At that time I had this up through the month of May, and I guess that was the last, up through the month of May.

But at any rate I found that the ARA had made \$5,763,150 in industrial loans in the State of Michigan.

Mr. BATT. It has gone up, sir, since, to \$6 million.

Mr. HARVEY. Pardon?

Mr. BATT. The total now is \$6 million.

Mr. HARVEY. Well, I won't quarrel with the figure because I am sure it hasn't changed substantially.

At any rate, out of that 5 $\frac{7}{10}$, roughly speaking, million dollars of industrial loans, \$5,260,150, or just under 92 percent, were made to new motel corporations.

Now, I don't mind telling you as I said on the floor that this frankly alarms me, because I didn't think that was the intent of our committee when we passed this bill out.

I remember the chairman on the floor and others talking about it originally when this was passed 2 years ago about this industrial loan fund being used to acquire land, to purchase buildings, and even in some cases new equipment.

Ninety-two percent of that money going into motels in Michigan to me was alarming.

Now I would like to ask you these questions on that basis. First of all, does ARA before lending money for a new motel make any kind of a survey as to need for the motel, as to whether existing motels or hotels are filled, and if so are these surveys available to the general public?

Mr. BATT. A very careful survey, sir, is made in every case, a market survey particularly, to see if there is reasonable prospect of repayment of the loan.

Mr. HARVEY. That isn't the answer to my question. Whether there is reasonable prospect of repayment of the loan, the question is whether existing facilities are being utilized?

Mr. BATT. Obviously, very carefully. Yes, sir; a study is made in each case by the SBA as our agent.

Mr. HARVEY. Let me say this: The president of the Hotel Association in Detroit immediately protested, as I recall, and he made his protest to you among others, and then later quieted down.

Since then several of the other private motel operators have spoken to me on it, and they claim that in Detroit there is something in the neighborhood of a 50 to 55-percent occupancy rate on motels and hotels at the present time.

Mr. BATT. Well, sir, I just would like to say in particular that we made that loan at the request of the Detroit Metropolitan Industrial Development Corp., the local development organization headed by Walker Cisler, the chairman of the board of Detroit Edison, and at the recommendation of representatives of—

Mr. HARVEY. I am not quarreling with the personalities involved.

Mr. BATT (continuing). The Ford Motor Co. and General Motors

Mr. HARVEY. You have got some outstanding figures involved, and I think they have a very attractive deal which I will come to in a few minutes here.

But what I am questioning about is, was a survey made of existing facilities in Detroit?

Mr. BATT. Yes, sir; they were very carefully——

Mr. HARVEY. Before these millions of dollars were loaned?

Mr. BATT. They were very carefully surveyed and it was the opinion not only of the local group but of our people who reviewed it in the SBA that this was a good loan, that the demand, the need was there.

Mr. HARVEY. What did the survey disclose about the use of existing facilities?

Mr. WILLIAMS. Sir, if I may interrupt, the survey disclosed that Detroit had not had a first-class hotel built in 40 years, and that the lack of first-class facilities was a major factor in Detroit's losing out on convention business, and that Detroit desperately needed new first-class hotel facilities in order to attract more convention business, to soak up the surplus unskilled and semiskilled labor in service industries in the Detroit area.

Mr. BOLTON. Mr. Williams, where would that convention business have come from?

Mr. WILLIAMS. From the United States.

Mr. BOLTON. In other words, from other cities now holding those conventions?

Mr. WILLIAMS. There is an increasing amount of convention business in this country every year, and we need more space to take care of it.

Mr. BOLTON. It is the position of ARA that as the demand increases the facilities would not otherwise be built?

Mr. WILLIAMS. They were not being built in Detroit, sir, and it is our job to help our redevelopment areas share in the economic growth of this country, and the increase in convention business is a part of the economic growth of this country.

Mr. BOLTON. Thank you.

Mr. BATT. Since this has been raised and questioned, Mr. Chairman, I would like to——

Mr. HARVEY. Why don't you do that on your time? I only have a few minutes here, so let me on my time ask these questions and then the chairman will have lots of time.

Mr. Batt, would you tell me now what is necessary in order to get one of these loans from the Federal Government?

Is it necessary that you have a letter from a bank or two banks stating that they will not make the loan? Is that correct?

Mr. BATT. Two banks, yes.

Mr. HARVEY. What must they state, simply that they will not make a 25-year, 4-percent loan, or that they will not loan money, period, or what?

Mr. WILLIAMS. If I may say, they must first state that they have the capacity of making the loan of the size requested and that they do not care to make the loan, and what portion of the loan they would care to make and under what conditions.

Mr. HARVEY. Actually, there aren't any banks lending money at 4 percent for 25 years today, are they? Isn't that a fact? You are not going to get any bank that is going to come out in any circumstances and say they will lend that money at 4 percent for 25 years?

Mr. BATT. We don't require a statement they will lend money at 4 percent for 25 years.

Mr. HARVEY. Isn't that what the Federal Government makes it at?

Mr. BATT. Yes, sir.

Mr. HARVEY. And yet you require two letters from banks stating they won't make such loans?

Mr. WILLIAMS. We ask the bank under what conditions they would make the loans and if the conditions under which they would make the loan would make the project feasible, then ARA financing would not be available.

In many cases, as a matter of fact, ARA financing is not made available. Projects are financed commercially.

Mr. HARVEY. All right, then going on a step further here, do you have any rules or regulations with regard to the borrower insofar as agreements are concerned to manage these motels?

Being very frank about it, one of these motel owners in Detroit has complained to me that what these recipients of the loans are doing is signing the contracts with themselves through the fiction of a corporation which, of course, we know is entirely a fix, and they can do it, they sign agreements with themselves to manage these hotels and take 10 percent of the gross, which is what he calls the cream, and then he says they frankly couldn't care less what happens to the Federal Government's investment in the motel.

Now do we have agreements such as that in these motels or not? Are they run by the same people who borrow the money?

Mr. WILLIAMS. We do not allow any kind of milking of the organization while the ARA loan is outstanding.

Our loan authorizations contain very, very strict provisions in them to prevent precisely this kind of thing. We limit the salaries of officers. We limit payment of dividends while the ARA loan is out. We take every precaution and the SBA people who have a lot of experience in this are helping us, every precaution to see that precisely the kind of thing you describe will never happen in an ARA loan.

Mr. HARVEY. Do you have regulations which provide for example, that the recipient of the loan must continue to manage the loan during the 25-year duration of it?

Mr. WILLIAMS. We try to make sure that the recipient of the loan has either enough financial stake in that loan to keep him in, or else we require him personally to guarantee the loan, so that that would be—

Mr. HARVEY. I would like to direct my last question then to Mr. Roosevelt.

Mr. Roosevelt, before you said that you didn't feel this bill was a proper subject of civil rights, and yet doesn't it occur to you that where 92 percent of the U.S. Government's money is going into new motels stretched across the whole State of Michigan, for example, that equal accommodations is very much in question there?

Mr. ROOSEVELT. First of all, I didn't say that I didn't think it was a proper subject of civil rights. I said that I considered that the other recommendations of the President in the field of civil rights adequately cover the civil rights question.

That is quite different from what you just stated.

Mr. HARVEY. There is no question though that the subject of motels and equal accommodations are very much involved in the subject of civil rights, period.

Mr. ROOSEVELT. I am sorry, what did you say?

Mr. HARVEY. I said there is no question but that the subject of motels and the subject of equal accommodations are both very much involved in this overall question of civil rights.

Mr. ROOSEVELT. I am sure that you have read the President's public accommodations bill on which I testified before the Senate Commerce Committee.

I am sure, also, I believe there is an FEPC law in the State of Michigan.

And, of course, any construction is covered by the President's Executive order.

So, I think as far as the hotels and motels you have been discussing, there is no question if the Congress acts I would hope that these facilities will be covered by the President's recommendations, which I trust will be accepted by the Congress.

Mr. HARVEY. My time has expired, Mr. Chairman.

The CHAIRMAN. Mr. Vanik.

Mr. VANIK. I have no questions.

The CHAIRMAN. Mr. Bolton.

Mr. BOLTON. Thank you, Mr. Chairman.

I want to be sure to ask these questions while my good friend, the gentleman from Florida is here, because I hope to go into this matter a little further later on.

Mr. Roosevelt, you mentioned in answer to the Senator's question that you were aware of the Inter-American Cultural and Trade Center which was proposed for Miami.

Do you know, sir, is this a project which is tied in with our foreign policy?

Mr. ROOSEVELT. No. I believe this project comes under an authority set up by the State of Florida. I believe that is correct. As far as our foreign policy is concerned, of course, we want to encourage trade with Latin America, and Miami is one of the major ports through which both exchange of people and exchange of goods takes place.

As I understand it, this project would be a permanent exchange place for goods and services offered in our international trade, particularly with Latin America.

Mr. BOLTON. And as you visualize it, and as I understand it, there are to be permanent exhibits here of many of the major corporations of this country?

Mr. ROOSEVELT. And countries, of the northern and southern hemispheres.

Mr. BOLTON. Right, and major corporations from other hemispheres?

Mr. ROOSEVELT. I believe that is correct.

Mr. BOLTON. And that this is basically a promotional scheme to promote the port of Miami as a trade center, and as a great port for trade both from and to South America, is that correct?

Mr. ROOSEVELT. No, I wouldn't say that it is a promotional scheme just for that purpose.

Already Miami, as is New Orleans—and New Orleans has a great deal of promotional activity, of trade with Latin America, this would make it more easy, I will put it that way, for businessmen in Latin America to come and see at firsthand the goods that are produced in the United States by the companies that would be represented, and similarly for Latin American companies to display their wares to American buyers, and thus the amount of traveling, the amount of investing that would be required by an individual businessman would be cut down.

That is as I understand the purpose.

Mr. BOLTON. But it is your understanding of this project that this would be for private enterprise to develop private enterprise and trade?

Mr. ROOSEVELT. Yes, that is my understanding.

I might say with regard to this project as far as I know, no agency of the administration has taken a position for or against it at this time.

Mr. BOLTON. This I understand, and the gentleman from Florida has been very frank that one of the reasons for the amendment, as I understand it, which he is so interested in in the ARA bill is so that his community may become eligible for an ARA grant or loan to assist the development of this.

Mr. ROOSEVELT. I don't believe that that is the Senator's only objective. I believe that he wants the city of Miami, because of the influx of Cuban refugees, to make it possible for them to submit all kinds of ARA applications, not necessarily this one. I don't believe that the Senator wants to be——

Mr. BOLTON. I didn't mean——

Mr. PEPPER. Will the gentleman yield?

Mr. BOLTON. Gladly, sir.

Mr. PEPPER. The gentleman will recall I voted for the bill with that amendment not in it. I would be for the bill whether that amendment is in it or not.

Mr. BOLTON. One further question. If in connection with this trade, Senator, there was an arrangement for a gambling casino or any other gambling concession, would the Department of Commerce look favorably upon such a loan?

Mr. PEPPER. Would the gentleman yield?

Again, such gambling is forbidden and is unlawful under the laws of the State of Florida, so it would be utterly impossible to have anything like that in Florida.

Mr. BOLTON. If the gentleman will also yield, to allow me to reply, at least I have been approached and received information that there are certain plans underway at the moment and have been for the past 2 years to tie in with the plans and that is one of the reasons I am so disturbed about this.

Mr. PEPPER. If the gentleman will yield, he does a great disservice to the Governor of Florida, who is ex officio chairman of this authority

and the responsible citizens who are members of this authority, one of whom is Senator Smathers' brother, who is president of a bank in Miami Beach, to suggest such a thing.

Those gentlemen will throw anybody out who might make such a proposal to them. And I can assure you that nothing like that will occur because gambling is unlawful in the State of Florida and it would be utterly impossible to get a law that would permit it.

Mr. BOLTON. I thank the gentleman for that clarification. I am happy to receive that information.

Mr. ROOSEVELT. I might add that the existing regulations of ARA preclude any loans to gambling enterprises.

Mr. BOLTON. Thank you very much.

Referring, Mr. Secretary, both to you and to Mr. Batt, let's go back to the difference between APW and CFW loans under ARA. If a loan for a public facility meets the criteria of the ARA Act, namely, it is designed to produce jobs, it could then be recognized or given either under APW or under CFW, right?

Mr. ROOSEVELT. I think I can clarify that very simply. In the case I described of the little town in western Tennessee, at the time that that mayor got his sewer plant and his water plant, he did not have any new business applications pending with ARA.

But when the new business applications came into ARA, suppose they did require a small access road. This wasn't the actual case, but supposing that one of those new plants required a small access road. ARA would have been authorized to have granted the funds or loaned the funds to the community if possible for that small access road.

In other words, there the grant or the loan for the public facility would have been aimed at making possible permanent jobs through the new plant coming into that town.

On the other hand, basically community facilities in its overall program does not necessarily have to add the criteria of the creation of permanent jobs. ARA does have to have that criteria satisfied.

Mr. BOLTON. Therefore, an ARA loan under the description you have given would never be available for such things as a town hall?

Mr. BATT. No.

Mr. BOLTON. A fire house, a county courthouse, etc?

Mr. BATT. That is right.

Mr. BOLTON. And it would be therefore against policy and against the understanding which we will at least enunciate here that it would be impossible for an ARA loan of 50 percent to be added to an APW grant of 50 percent in order to cover the entire cost of a county courthouse?

Mr. BATT. We wouldn't finance any county courthouses.

Mr. WILLIAMS. That is right, but there would always be a public facility loan of CFA to be added to an APW grant so that the whole courthouse would be financed 50 percent grant under APW and 50 percent grant under the public facility loan program of CFA.

Mr. BOLTON. I gather this would not come under ARA at all?

Mr. WILLIAMS. No.

Mr. BOLTON. My time is up. I will have to continue later.

The CHAIRMAN. Mr. Moorhead.

Mr. MOORHEAD. Mr. Chairman, I have no questions.

I do, sir, wish to state I have received 23 telegrams today from various chambers of commerce and redevelopments and development

corporations throughout the State of Pennsylvania, and I would like leave to insert these telegrams in the record.

The CHAIRMAN. Without objection, they may be inserted in the record.

(The telegrams referred to follow:)

Congressman WILLIAM MOORHEAD,
House of Representatives,
Washington, D.C.

HAZLETON, PA., July 29, 1963.

Hon. Congressman WILLIAM MOOREHEAD: Strongly urge support ARA under-employed area bill now before your committee. Many vital projects in our area hinge on this program.

This bill will mean in excess of 500 new jobs in this area alone. You are free to show this telegram to the other members of the Pennsylvania delegation or other congressional delegations.

This telegram is sent in behalf of the 400 members of the Greater Hazleton Chamber of Commerce, and over 3,000 local citizens who have contributed to can do, by investing over \$2½ million of their money in community rehabilitation.

LOUIS G. FELDMANN,
President, Greater Hazleton Chamber of Commerce.

Dr. EDGAR L. DESSEN,
President, Community Area New Development Organization.

Congressman WILLIAM S. MOORHEAD,
Washington, D.C.:

FRANKLIN, PA., July 29, 1963.

Urge your very strong support of depressed areas bill now before your committee.

T. W. FOSTER,
President, Venango Industrial Development Corp.

Congressman WILLIAM MOORHEAD,
House of Representatives,
Washington, D.C.:

JIM THORPE, PA., July 29, 1963.

Urge your very strong support of depressed area bill now before your committee.

CHARLES WILDONER,
Borough Secretary.

Congressman WILLIAM S. MOORHEAD,
Washington, D.C.:

SHAMOKIN, PA., July 27, 1963.

Urge your very strong support of distressed areas bill now before your committee. It has helped our industrial development.

MALCOM C. FARROW,
President, Shamokin Area Industrial Corp.

ALFRED F. BUEHLER,
President, Shamokin and Coal Township Chamber of Commerce.

Congressman WILLIAM S. MOORHEAD,
House of Representatives, Washington, D.C.:

BERWICK, PA., July 28, 1963.

We urge your strong support of the depressed area bill now before your committee. Areas like ours are doing everything they can to boost their economy. The aid from a bill such as this will help us to provide hundreds of more jobs to our deserving people.

JOSEPH CAMERON,
President, Berwick Ind. Plant.

BERWICK ENTERPRISE,
BERWICK, PA., July 28, 1963.

Congressman WILLIAM S. MOORHEAD,
House of Representatives, Washington, D.C.:

I urge your support of depressed area. I have watched Berwick with it's back against the wall fighting to improve economy. Aid from such a bill as this can give them a big boost in helping to create the many necessary jobs so badly needed by our citizens.

M. R. JOHNSON, *Publisher.*

HUNTINGTON, PA., July 29, 1963.

Congressman WILLIAM S. MOORHEAD,
House Office Building, Washington, D.C.:

Urge your very strong support of depressed areas bill now before your committee.

W. RAY ISENBERG,
Huntingdon Business and Industry.

WILKES-BARRE, PA., July 29, 1963.

Hon. WILLIAM S. MOORHEAD,
U.S. House of Representatives, Washington, D.C.:

Strongly urge support H.R. 4996 and S. 1163, Area Redevelopment Act, amended, as of 1963.

LOUIS SHAFFER,
President, Committee of 100, Inc.

WASHINGTON, PA., July 29, 1963.

Representative WM. MOORHEAD,
*House Banking and Currency Committee,
House Office Building, Washington, D.C.:*

The Washington County Industrial Development Agency endorsed the ARA program for depressed areas and urges your support of the pending appropriation bill. Burgettstown and other areas in Washington County have received considerable help from this program. The county and other areas have several applications pending that are vital to the development of the area.

MELVIN B. LASSI,
Chairman, Washington County Industrial Development Agency.

BRADDOCK, PA., July 29, 1963.

Congressman WILLIAM S. MOORHEAD,
*House of Representatives,
Washington, D.C.:*

Urge your strong support of depressed area bill now before your committee.

LOUIS F. KEOUGH,
President, East Boros Development Corp.

TARENTUM, PA., July 29, 1963.

Congressman WM. S. MOORHEAD,
*House of Representatives,
Washington, D.C.:*

Urge your very strong support of depressed areas bill now before your committee.

JOHN R. STEEL,
President, Allegheny Valley Chamber of Commerce.

JIM THORPE, PA., July 29, 1963.

Hon. WILLIAM S. MOORHEAD,
House of Representatives,
Washington, D.C.:

Urge your very strong support of depressed area bill now before your committee.

EUGENE O'DONNELL,
President, Carbon Schuylkill Industrial Development Corp.

JIM THORPE, PA., July 29, 1963.

Hon. WILLIAM S. MOORHEAD,
House of Representatives, Washington, D.C.:

Urge your very strong support of depressed area bill now before your committee.

EDGAR A. POE,
Chairman, Carbon County Planning Commission.

WILKES-BARRE, PA., July 29, 1963.

Hon. WILLIAM S. MOORHEAD,
U.S. House of Representatives, Washington, D.C.:

Strongly urge support H.R. 4996 and S. 1163, Area Redevelopment Act. Amended as of 1963.

WILLIAM O. SWORD,
President, Greater Wilkes-Barre Industrial Fund, Inc.

TAMAQUA, PA., July 29, 1963.

Representative WILLIAM S. MOORHEAD,
House Currency and Banking Committee,
Washington, D.C.:

Urge your strong support of distressed area bill now before your committee.

DWIGHT C. BAKER,
Tamaqua Industrial Development Enterprise.

TITUSVILLE, PA., July 29, 1963.

Congressman WILLIAM S. MOORHEAD,
Washington, D.C.:

Urge strong support for depressed areas bill now before your committee; 400 employees now idle as forge plant here ceases operations. Depressed areas measure may be only means of reopening plant.

WILLIAM D. STEVENSON,
President, Titusville Industrial Fund, Inc.

LEHIGHTON, PA., July 29, 1963.

U.S. Congressman WILLIAM MOORHEAD,
House of Representatives, Washington, D. C.:

Urge your strong support of depressed area bill now before your committee.

WILLIAM G. WARNER,
Lehighton Planning Commission.

BRADDOCK, PA., July 29, 1963.

Congressman WILLIAM S. MOORHEAD,
House of Representatives, Washington, D.C.:

Urge your strong support of depressed area bill now before your committee.

FRANK HILSMAN,
President of Greater Braddock Chamber of Commerce.

WILKES-BARRE, PA., July 30, 1963.

Representative WILLIAM S. MOORHEAD,
House Banking and Currency Committee,
House of Representatives Building, Washington, D.C.:

We solicit your support for the amendment to Public Law 8727 increasing the Area Redevelopment Administration program for the coming year.

EUGENE S. FARLEY,
President, Wilkes College.

SCRANTON, PA., July 30, 1963.

Hon. WM. S. MOORHEAD,
Washington, D.C.:

You have before you bill H.R. 4996 which is S. 1163 on Area Redevelopment Administration legislation. This bill will further finance important industrial development work made possible by ARA. Lackawanna County which is substantially labor surplus has made great strides to create jobs through "Operation Bootstrap." ARA has further helped us through grants to develop our keystone industrial park and made loans to build new industrial buildings for substantial employees of our labor force. We believe this legislation is important in creating jobs especially in areas where there is a chronic labor surplus. Urge your strong support to help solve not only the problems of our region but of Pennsylvania and the Nation.

JOHN F. DAVIDSON,
President Scranton Chamber of Commerce.
JOHN F. MURPHY,
President, Scranton-Lackawanna Industrial Building Co.

CANONSBURG, PA., July 29, 1963.

Hon. WILLIAM S. MOORHEAD,
House of Representatives, Washington, D.C.:

As Pennsylvania Representative concerned with ARA, borough council of Canonsburg urges strong support of a legislation currently before your committee. Western Pennsylvania will greatly benefit from greater ARA funds.

WILLIAM BUCKLEY, Borough Manager.

POTTSVILLE, PA., July 29, 1963.

Hon. WILLIAM S. MOORHEAD,
Member, House Banking and Currency Committee,
Washington, D.C.:

Greater Pottsville area in Schuylkill County, Pa., identified as persistent labor surplus area respectfully petitions your support for passage of depressed area bill now being considered by your committee. Local citizenry have contributed more than \$1 million for creation of new jobs. Passage of depressed area bill vitally important to continuation of the local effort.

WILLIAM DENNIS, President of GPIDC.
MATTHEW SHOOK, Industrial Commissioner.

UNIONTOWN, PA., July 29, 1963.

Representative WILLIAM S. MOORHEAD,
House Office Building,
Washington, D.C.:

We sincerely hope that your committee will find it possible to give favorable consideration to the ARA bill now before you.

FAYETTE COUNTY DEVELOPMENT COUNCIL,
JAMES M. DRISCOLL, President.

The CHAIRMAN. I ask permission to insert telegrams that I have received, too. I have a number of them.

Mr. TALCOTT. Mr. Chairman, I have received a number of letters and telegrams, too, that are quite opposed to this bill.

(The telegrams referred to follows:)

BRADDOCK, PA., July 29, 1963.

Representative WRIGHT PATMAN,
Chairman of House Banking and Currency Committee,
House of Representatives, Washington, D.C.:

Urge your strong support of depressed area bill now before your committee.

FRANK HILSMAN,
President of Greater Braddock Chamber of Commerce.

BRISTOL, CONN., July 29, 1963.

WRIGHT PATMAN,
Chairman, Committee on Banking and Currency,
Washington, D.C.:

I strongly urge your full support on the depressed area legislation hearing regarding appropriations coming up this week. This program has aided the city of Bristol in the past and we look forward to future projects under this program.

TERRY B. FLETCHER,
Chairman of the Bristol-Plymouth Industrial and Development Commission.

BRISTOL, CONN., July 29, 1963.

WRIGHT PATMAN,
Chairman, Committee on Banking and Currency,
Washington, D.C.:

As mayor of the city of Bristol, I sincerely request your full support of the depressed area legislation regarding appropriations coming up for hearings this week. This legislation will strongly aid the city in the future as it has in the past. We look forward to our continued working relationship with the Connecticut representative on this very needed program.

WALTER J. MURPHY, Jr., Mayor of Bristol.

JIM THORPE, PA., July 29, 1963.

Congressman WRIGHT PATMAN,
Chairman, House Banking and Currency Committee,
Washington, D.C.:

Urge your very strong support of depressed area bill now before your committee.

CHARLES WILDONER, Borough Secretary.

TICONDEROGA, N.Y., July 29, 1963.

WRIGHT PATMAN,
Chairman, House Banking and Currency Committee,
House of Representatives, Washington, D.C.:

We urgently request your support distressed area bill. Essex County, N.Y., unable to improve economy without ARA help. Some projects already approved creating badly needed jobs. Thank you.

ESSEX COUNTY DEVELOPMENT CORP.,
EARL V. MACE,
President Essex County ARA Committee,
KARL HOFFMAN,
Executive Secretary.

FRANKLIN, PA., July 29, 1963.

Representative WRIGHT PATMAN,
Chairman, House Banking and Currency Committee,
House of Representatives, Washington, D.C.:

Urge your very strong support of depressed areas bill now before your committee.

T.W. FOSTER,
President, Venango Industrial Development Corp.

WILKES-BARRE, PA., July 29, 1963.

HON. WRIGHT PATMAN,
*Chairman, Banking and Currency Committee,
House of Representatives, Washington, D.C.:*

Strongly urge support H.R. 4996 and S. 1163, Area Redevelopment Act, amended, as of 1963.

LOUIS SHAFFER,
President, Committee of 100, Inc.

HUNTINGTON, PA., July 29, 1963.

Representative WRIGHT PATMAN,
*Chairman, House Banking and Currency Committee,
House of Representatives, Washington, D.C.:*

Urge your very strong support of depressed areas bill now before your committee.

W. RAY ISENBERG,
Huntingdon Business and Industry.

JIM THORPE, PA., July 29, 1963.

HON. WRIGHT PATMAN,
*Chairman, House Banking and Currency Committee,
House of Representatives,
Washington, D.C.:*

Urge your very strong support of depressed area bill now before your committee.

EDGAR A. POE,
Chairman, Carbon County Planning Commission.

JIM THORPE, PA., July 29, 1963.

HON. WRIGHT PATMAN,
*Chairman, House Banking and Currency Committee,
House of Representatives,
Washington, D.C.:*

Urge your very strong support of depressed area bill now before your committee.

EUGENE O'DONNELL,
President, Carbon-Schuylkill Industrial Development Corp.

TARENTUM, PA., July 29, 1963.

Representative WRIGHT PATMAN,
*Chairman, House Banking and Currency Committee,
House of Representatives,
Washington, D.C.:*

Urge your very strong support of depressed areas bill now before your committee.

JOHN R. SEEL,
President, Allegheny Valley Chamber of Commerce.

WILKES-BARRE, PA., July 29, 1963.

HON. WRIGHT PATMAN,
*Chairman, Banking and Currency Committee,
U.S. House of Representatives,
Washington, D.C.:*

Strongly urge support H.R. 4996; S. 1163, Area Redevelopment Act. Amended as of 1963.

WILLIAM O. SWORD,
President, Greater Wilkes-Barre Industrial Fund, Inc.

TAMAQUA, PA., July 29, 1963.

Representative WRIGHT PATMAN,
Chairman of House Currency and Banking Committee,
Washington, D.C.:

Urge your strong support of distressed area bill now before your committee.

DWIGHT C. BAKER,
Tamaqua Industrial Development Enterprise.

FREEPORT, TEX., July 29, 1963.

WRIGHT PATMAN,
House of Representatives, Washington, D.C.:

Strongly urge immediate reorganization for continued functioning of Export-Import Bank. Eximbank vital to U.S. trade program.

RICHARD B. SWENSON,
General Manager Brazos River Harbor Navigation District.

VINELAND, N.J., July 29, 1963.

WRIGHT PATMAN,
Chairman, House Banking and Currency Committee,
Washington, D.C.:

Reference, depressed area registration bill. We urge you to vote in the affirmative.

Mr. STERNBERG,
Vineland Chamber of Commerce.

BRADDOCK, PA., July 29, 1963.

Representative WRIGHT PATMAN,
Chairman of House Banking and Currency Committee,
House of Representatives, Washington, D.C.:

Urge your strong support of depressed area bill now before your committee.

LOUIS F. KEOUGH,
President of East Boros Development Corp.

WILKES-BARRE, PA., July 30, 1963.

Representative WRIGHT PATMAN,
Chairman, House Banking and Currency Committee,
House of Representatives, Washington, D.C.:

We solicit your support for the amendment to Public Law 8727 increasing the Area Redevelopment Administration program for the coming year.

EUGENE S. FARLEY,
President, Wilkes College.

SCRANTON, PA., July 29, 1963.

Hon. WRIGHT PATMAN,
Chairman, Committee on Banking and Currency, House of Representatives,
House Office Building, Washington, D.C.:

You have before you Senate bill H.R. 4996 which is S. 1163 on Area Redevelopment Administration legislation. This bill will further finance important industrial development work made possible by ARA. Lackawanna County which is substantially labor surplus has made great strides to create jobs through "Operation Bootstrap." ARA has further helped us through grants to develop our keystone industrial park and made loans to build new industrial buildings for substantial employees of our labor force. We believe this legislation is important in creating jobs especially in areas where there is a chronic labor surplus. We urge your strong support to help solve not only the problems of our region but of Pennsylvania and the Nation.

JOHN F. DAVIDSON,
President, Scranton Chamber of Commerce.
JOHN F. MURPHY,
President, Scranton Lackawanna Building Co.

HAZLETON, PA., July 29, 1963.

Congressman WRIGHT PATMAN,
House of Representatives, Washington, D.C.

HONORABLE CONGRESSMAN WRIGHT PATMAN: Strongly urge support ARA underemployed area bill now before your committee. Many vital projects in our area hinge on this program.

This bill will mean in excess of 500 new jobs in this area alone. You are free to show this telegram to the other members of the Pennsylvania delegation or other congressional delegations.

This telegram is sent in behalf of the 400 members of the great Hazleton Chamber of Commerce, and over 3,000 local citizens who have contributed Can Do, by investing over \$2½ million of their money in community rehabilitation.

LOUIS G. FELDMANN,

President, Greater Hazleton Chamber of Commerce.

Dr. EDGAR L. DESSEN,

President, Community Area New Development Organization.

CAPE MAY, N.J., July 29, 1963.

Hon. WRIGHT PATMAN,

Chairman, House Banking and Currency Committee, Washington, D.C.:

Affirmative vote on the depressed areas legislation before your committee at this time is urgently requested by the Cape May County Chamber of Commerce.

Mrs. DOROTHEA B. LEIDORN,

President, Cape May County Chamber of Commerce.

CAPE MAY, N.J., July 29, 1963.

Hon. WRIGHT PATMAN,

Chairman, House Banking and Currency Committee, Washington, D.C.:

Cape May County Freeholders appreciate the efforts of the ARA program in helping to alleviate the serious condition of unemployment of the citizens in our county. We urge your committee to give full approval to the depressed areas legislation before it now.

EDWIN ZABERER,

Freeholder in Charge Public Affairs, Cape May County Chosen Freeholders.

TITUSVILLE, PA., July 29, 1963.

Representative WRIGHT PATMAN,

*Chairman, House Banking and Currency Committee,
House of Representatives, Washington, D.C.:*

Urge strong support for depressed areas bill now before your committee. Four hundred employees now idle as forge plant here ceases operations. Depressed areas measure may be only means of reopening plant.

WILLIAM D. STEVENSON,

President, Titusville Industrial Fund, Inc.

LEHIGHTON, PA., July 29, 1963.

U.S. Congressman WRIGHT PATMAN,

House of Representatives, Washington, D.C.:

Urge your strong support of depressed area bill now before your committee.

WILLIAM G. WARNER,

Chairman, Lehigh Planning Commission.

HILLVILLE, N.J., July 29, 1963.

WRIGHT PATMAN,

Chairman, House Banking and Currency Commission, Washington, D.C.:

Urge an affirmative vote on the depressed area legislation.

Mayor BENJAMIN H. CORSON.

UNIONTOWN, PA., July 29, 1963.

Representative WRIGHT PATMAN,
Chairman, House Banking and Currency Committee, U.S. House of Representatives,
House Office Building, Washington, D.C.:

We sincerely hope that your committee will find it possible to give favorable consideration to the ARA bill now before you.

JAMES M. DRISCOLL,
Fayette County Development Council.

POTTSVILLE, PA., July 29, 1963.

Hon. WRIGHT PATMAN,
Chairman, House Banking and Currency Committee,
Washington, D.C.:

Greater Pottsville area in Schuylkill County, Pa., identified as persistent labor surplus area respectfully petitions your support for passage of depressed area bill now being considered by your committee. Local citizenry have contributed more than \$1 million for creation of new jobs. Passage of depressed area bill vitally important to continuation of the local effort.

WM. DENNIS, President, GPIDC,
MATTHEW SHOOK,
Industrial Commissioner.

HAZLETON, PA., July 29, 1963.

Hon. WRIGHT PATMAN,
House Office Building, Washington, D.C.:

Ernestly hope your full support in passing ARA bill. Our industrial development program needs this help.

VIC DIEHM, President, NPIDC.

SOMERSET, KY., July 29, 1963.

Congressman WRIGHT PATMAN,
Committee on Banking and Currency,
House of Representatives, Washington, D.C.:

The ARA bill now before the House is the only hope for the depressed areas and failure to support this bill would be a serious blow to their economy. We urge you to support this bill.

EAST LAKE CUMBERLAND COUNCIL AND THE
UPPER CUMBERLAND VALLEY COUNCIL.

ATLANTIC CITY, N.J., July 29, 1963.

Hon. WRIGHT PATMAN,
Chairman, House Banking and Currency Committee,
House Office Building, Washington, D.C.:

It has come to our attention that your committee will vote tomorrow on the depressed areas legislation. We earnestly request an affirmative vote on this important economic tool for redevelopment of our communities plagued by chronic unemployment.

BEN Z. LEUCHTER,
President Southern New Jersey Development Council

WASHINGTON, D.C., July 31, 1963.

Hon. WRIGHT PATMAN,
Chairman House Committee on Banking and Currency,
House Office Building, Washington, D.C.:

Conditions that prevail in both rural and urban American today make it clear that there is still a desperate need for the Area Redevelopment Administration program.

Most if not all of the 980 rural electric systems, which are members of the National Rural Electric Cooperative Association, support this program because it is bringing new hope and new jobs to rural areas where over half of the Nation's poverty is concentrated. They have so declared by resolution. The rural

electricians serve in nearly 85 percent of the counties designated as eligible for ARA assistance.

Unless the legislation before your committee is approved, the ARA program will be seriously impaired and, as a result, the efforts of local people to revitalize their communities would suffer a severe setback.

Since their inception, rural electricians have been dedicated to improving conditions in rural areas. That is why they are playing a major role in the nationwide effort to create new and better opportunities for rural Americans and that is why they support the legislation (S. 1163) before your committee which is designed to strengthen the ARA program.

CLYDE T. ELLIS,

National Rural Electric Cooperative Association.

Mr. BATT. Mr. Chairman, since the question was raised about the hotel loan in Detroit, would it be possible to submit for the record at this juncture a letter from Mr. Walker Cislser, the chairman of the Detroit Edison Co., and of the Detroit Metropolitan Industrial Development Corp., which I referred to previously but Mr. Harvey didn't want it to be inserted on his time.

The CHAIRMAN. Without objection, it will be inserted in the record. (The letter referred to follows:)

DETROIT METROPOLITAN INDUSTRIAL DEVELOPMENT CORP.,

Detroit, Mich., June 21, 1963.

HON. PHILIP A. HART,

Senate Office Building, Washington, D.C.

DEAR SENATOR HART: As a member of the Senate at the time the Area Redevelopment Act was passed, you know that the function of Detroit Metropolitan Industrial Development Corp. (Demidco) is to assist in the implementation of a policy based on the act so enacted by Congress in 1961. The purpose of the act is to establish effective programs of alleviating conditions in substantial and persistent unemployment and underemployment in certain economically distressed areas." Since it is our purpose to administer and implement the local programs as same qualify for assistance under the act, the directors of Demidco charged themselves with this responsibility when Demidco was incorporated in the summer of 1962.

People living in a community whether engaged in business enterprise or not nevertheless have a definite interest in the development of that community. Such development is related to the economic and social welfare and progress within the community. How this is accomplished is dependent upon business and political leadership. When the two work together a satisfactory result is usually achieved. The vision of both groups was directed in years past to the ultimate construction and later use of the riverfront development which has now become known as our civic center. What is known as the civic center consists of the Ford Auditorium, the Veterans' Memorial Building and Cobo Hall. These facilities became possible through private and public moneys. The question naturally arises what need be done to obtain the best use out of these facilities.

Metropolitan Detroit is in a transition. Because of automation and other reasons job opportunities have been reduced. All segments of the population are aware that this situation exists. The forces within the community are making every effort to deal with the problem. Private enterprise is putting forth every conceivable effort relying upon the normal avenues of finance and investment. However, there are instances where these sources are inadequate, and in those instances the avenues available through the Area Redevelopment Act are suggested. The policy of Demidco however is that only such qualified programs will be accepted where the project has a reasonable opportunity of succeeding. In each instance a careful and independent study is made by Demidco, in addition to examining into the conclusions arrived at by the Area Redevelopment Administration and the Small Business Administration.

The development of the Civic Centre resulted in the creation of important and perfectly adequate facilities to accommodate exhibitions and conventions. These when properly conceived bring an influx of people into the community with all of the direct and incidental business benefits. One of the objections voiced against using Detroit as a convention and even tourist center was the inadequacy of hotel and motel facilities. To this end and in anticipation of

this problem early in 1956 a group of outstanding citizens conceived the idea of erecting a hotel on a site contiguous to the Civic Center. These men did so at a land cost acquisition expense to them in excess of \$2 million, but at all times construction was delayed because adequate financing was not available. This problem did not correct itself and construction would not have been possible except for the utilization of secondary financing which could be made possible only under the Area Redevelopment Act. Needless to say when completed, it will create many employment opportunities for the people represented in the most challenging labor surplus market. The records of the Pontchartrain application for such hotel as filed with the Area Redevelopment Administration establish by appropriate documentation the necessity and wisdom of the Pontchartrain Hotel as a business enterprise. This is so on a short and most emphatically on a long-term basis. Of the \$9,100,000 to be expended in the construction of the Pontchartrain Hotel only 20 percent of that amount will be represented by a loan made possible through the Area Redevelopment Administration, whereas the act permits a 65 percent Area Redevelopment Administration participation. Here again Demidco emphasizes not the most but the least possible use of public funds.

Demidco has carefully examined into many programs and none have been approved except after most careful scrutiny. This is our announced policy. We are fortunate in having identified with our organization those upon whom we may call for assistance in inquiring into the feasibility and economic soundness of the situations presented. We naturally want to know, in addition to the foregoing, that the operation of the facility will assist in alleviating the unemployment situation, and we are naturally at all times mindful that it will at the same time be a contribution to the general well-being of the community.

Sincerely yours,

WALKER L. CISLER.
OLIVER D. MARCKS.

The CHAIRMAN. Have you concluded, Mr. Moorhead?

Mr. MOORHEAD. I have no other questions.

The CHAIRMAN. I believe Mr. Brock is next?

Mr. BROCK. Mr. Batt, in pursuing some of the things, some of the specific cases which are suggested, would you give the committee an idea whether the ARA puts any particular weight to a project which might involve the development of a basic natural resource which has not hitherto been developed? Does it all depend upon the amount of jobs involved?

Mr. BATT. We are concerned entirely with the jobs, but obviously one of the most successful ways to create new jobs is to exploit a resource that is indigenous to the area.

Mr. BROCK. I think this is very true. That is why I was concerned, because in listening to your conversation with Mr. Harvey and his remarks about the hotels and motels in Detroit, he mentioned I think a figure of 54 percent occupancy.

Perhaps my logic does not parallel that of ARA, but it seems to me that if you put in a new motel in an area which has 54 percent occupancy, it does create new jobs, in that the hotel or motel may be more efficient or prettier or in a better location.

But it is not a true addition of jobs; it is a replacement of jobs of those people who are less efficient or less advantageously located.

It seems to me that a project in an area such as Appalachia would be able to receive a great deal more serious consideration than these motels.

Is that not a fair statement?

Mr. BATT. We are giving very serious consideration to tourism, and I emphasize the word "tourism" projects because motels and hotels are only part of these loans.

In Appalachia as well as every other eligible place where they make sense, where the local people feel they are essential to the economic growth of the area and this industry needs development which requires this kind of thing.

Mr. BROCK. I agree tourists are a valuable resource in my particular area, but I wouldn't think of them in the same context as the development of iron ore, for example—

Mr. WILLIAMS. Let's look at it this way. Suppose there are 100 hotel rooms in an area and 50 of them are occupied. A convention comes along and say we would like to go to your area, do you have 200 first-class rooms? They look around and say no, there aren't any, so they don't go there.

Now, if you add a hotel with 150 more rooms, you now have enough rooms to take care of that convention, and you have a hundred-percent occupancy.

That is the theory of those loans, and that is the theory that is made by distinguished committees and local leaders in the Detroit area, which is backed up by our studies.

Mr. BROCK. I appreciate the theory, but I am afraid that is all it amounts to, because Detroit still didn't get the Republican National Convention or the Democratic National Convention for next year, and I don't think they will next time.

Mr. WILLIAMS. Give them time to build those hotels though and they may get the Olympics.

Mr. BROCK. They will have plenty of time.

Let me ask you a further question along the line of these hotels.

Mr. Harvey was developing the point that perhaps the criteria of saying you had to be refused by two banks was not a substantial criteria.

Let me ask you this: Is it true that there are any banks in the country today that are making 25-year development-type loans?

Mr. BATT. There are insurance companies.

Mr. BROCK. I am not talking about insurance companies. I am talking about banks.

Mr. BATT. There are insurance companies. Insurance companies are in the industrial development business.

Mr. BROCK. Right, but could you be turned down by two banks and meet the criteria of ARA?

Mr. BATT. If there are other sources available—Congressman, we are interested in finding all possible sources of financing. Many, many projects we have helped to develop and have sent on other routes other than ARA. We have brought banks into the picture. Banks are participants in virtually every loan we have made up to the legal limit that they are permitted. I think it is true that banks do not make 25-year loans as a rule.

This is one of the reasons ARA was passed by the Congress in the first place.

Most of these banks, particularly in rural areas, wouldn't go over 5 years or 10 years.

In Mr. McDade's district or section of Pennsylvania, when we had a State development program, it took years to get the banks up to 15 years.

Mr. BROCK. Mine is still at five.

Mr. BATT. You are at five, and that is why there was this big gap in this kind of second mortgage financing. They wouldn't also, of course, touch second mortgages.

There was a big gap and this gap is a gap that the development people in your districts and in your districts were crying to have filled.

That is why the States and the Federal Government have gotten into this.

Mr. BROCK. But you do request them to go to insurance companies if they get turned down by banks?

Mr. BATT. Certainly. We rake in everything possible. We have helped them in negotiations with the largest insurance companies in the United States to get insurance companies involved in loans where we are participating with them.

Mr. BROCK. I appreciate that, because I have worked on a couple of these projects and I know.

That is why I wanted to clarify the point. I was not being critical of that particular fact, but I wanted to bring it out.

Mr. BATT. The bankers that we have worked with like the one I quoted from the First National Bank of Boston, which is the largest bank in New England, thinks that ARA is doing a wonderful, useful job and the bankers generally in the State of Pennsylvania—I know, Congressman, work very closely with us.

The bankers all over the United States work very closely with us and with their State development people because this opens up projects which would not otherwise exist.

It doesn't take business away from them. They like it. Ask the bankers.

Mr. BROCK. The point is that they couldn't compete if the money were available, they still couldn't make a 4-percent loan.

Mr. BATT. But it is not a small pie which has to be divided. In this case we are opening up new areas of enterprise which would not otherwise be financable. This applies to most of the projects with which we deal. They wouldn't otherwise exist.

Mr. WIDNALL. Mr. Brock, are you finished with that line of questioning? Would you yield?

Mr. BROCK. I yield.

Mr. WIDNALL. I am very interested in this because in Newark, N.J., some substantial construction has been finished at the Robert Frost Hotel and the Prudential Insurance Co. financed it. The reason they did it was to make possible a good facility in the city to bring in conventions, including their own insurance company personnel.

I don't think your redevelopment agency was involved in this. The Prudential Insurance Co., I believe, loaned millions of dollars. This was certified as a need in the city and it certainly accomplished something for the city.

You have named Detroit Edison, Ford, and General Motors as having representatives on the boards of directors of the banks in Detroit. If this facility was actually something that was needed in the city, I just simply can't understand why the money was not available through local sources.

The chief reason that they would want it would be to bring in their own personnel into the town for their own conventions.

Mr. BATT. Well, sir, Mr. Raymond Hodgson, Sr., of the Bank of Detroit and other bankers in the city are on this Detroit Metropolitan Industrial Corp. which applied for this loan and they all told us that this particular kind of financing was not available.

The Prudential Insurance Co., I might say, does the best job of any insurance company in the United States in providing industrial development funds.

Newark, of course, is not eligible for help under our program, but the—

Mr. WIDNALL. It will be if this bill goes through as passed in the Senate.

Mr. BATT. The story, however, you have told—

Mr. WIDNALL. The Prudential went in too early.

Mr. BATT. The story you have told, we have worked with the Prudential on loans, and the story that you have told is a perfect example of the close connection between an attractive accommodations facility and industrial growth.

The Prudential wanted the Robert Treat among other reasons because of its own needs and its own needs for expansion, and this is true of many, many other communities throughout the United States which do not have decent accommodations in the community, and this is a great liability in trying to get industry to locate there.

Mr. WIDNALL. This would certainly be true of General Motors, Detroit Edison, and the others out there for their own needs, if they lack a suitable facility in that town?

Mr. WILLIAMS. I think the record should show, Mr. Widnall, that in the Detroit case only 20 percent of the \$9 million for that large hotel came from ARA.

The local people did succeed in raising 80 percent of the cost, which is no mean feat.

I think we should add that it wasn't only for their own people that they were interested in loans. They were interested in it for the economic development of the whole city of Detroit.

Mr. BATT. I failed to mention, sir, that also on the board of directors is Mr. Walter Reuther and other representatives of the United Automobile Workers.

Mr. WIDNALL. That is all for the moment.

Mr. BROCK. One quick question, if I may follow up on just one other point that Mr. Harvey raised on the possibility of manager contracts for these hotels.

You don't preclude a promoting firm which has built one of these projects, you don't preclude their hiring a man as a consultant or establishing a management contract with another firm to run the corporation, do you?

Mr. WILLIAMS. No, sir; we do not.

Mr. BROCK. Do you establish criteria which would limit the percentage of gross income or sales or some similar criteria as to what would be needed for such a service?

Mr. WILLIAMS. We do not have any public criteria but we do know the SBA people examine those contracts very carefully and they give us advice as to whether or not they think it is reasonable.

Usually we state in the authorizing document that any such contracts must be approved by the Regional Director of the Small Business Administration.

Mr. BROCK. And would you have, for example, if I might follow that up just briefly, when you clear it, when you look at the contract itself, would the contract state the salaries of the executives?

Mr. WILLIAMS. They do. They often do.

Mr. BROCK. As you would require in a normal contract?

Mr. WILLIAMS. That is right.

Mr. BROCK. Thank you very much.

Mr. RAINS. Senator Pepper.

Mr. PEPPER. Mr. Chairman, would you just pass me temporarily; I have sent for a document that I want to have, please.

Mr. RAINS. Mr. Vanik.

Mr. VANIK. I had my time.

Mr. RAINS. Mr. Wilson.

Mr. WILSON. On the map over here, Mr. Batt, the southern California area shows all white. I feel happy about that, coming from this particular area.

However, I don't think it shows the true picture. In our Los Angeles area, as you well know, and as we have discussed with your agency, we have a large area that unfortunately is populated by the Negro Americans and the Mexican Americans who are unskilled workers.

We could create a large geographical area in that community that would involve perhaps a half a million or more people where the unemployment percentage would be 10 to 12 percent, perhaps and yet because of the large market for skilled workers, and the fact that we have a shortage of that type of worker in the Los Angeles area, it brings the overall percentage down to the national average.

This is the problem we have been trying to present, and it is one of the problems that would be so helpful in this civil rights situation with which we are faced and it is why I am so conscious as to this particular subject.

Yet I find nothing in the legislation that can give any assistance to the large metropolitan areas of this type who are facing this serious unemployment problem in our areas of minority persons.

You seem to be bound to a conference report of 1961 that states that you cannot separate the municipalities or city areas into a lesser labor area.

Is this a fact or can that be changed by another conference report? Are we required to amend the law completely in order to rectify this or just what is the relief in order that areas of this type can receive designation, which to me is quite important even though I recognize there are other phases of the program that might be available to us even with the problem as it is.

Mr. WILLIAMS. Maybe I had better be handling this because I have been working on it.

As you will recall, the 1961 conference report says that the Secretary shall not have discretion, that it is not the intention of the conferees to authorize designation of part of a municipality as a redevelopment area.

We have taken that language to mean that unless a part of a municipality is a full labor market area, we may not break up a labor market area to do that.

Now our counsel advises us that another report changing that would not be sufficient to change our policy on that. I am advised, we are advised, that legislative intent to be changed would require a change in the law.

As you know, the first report of this committee on the bill considered earlier points out this problem, and requires the Administrator to undertake a thorough study to determine how best this serious problem can be solved, and to make a full report to the committee at the beginning of the second session of the 88th Congress.

And also I believe you should know that we are already starting to take that study, and we intend to take it in a very practical way by going into this area in Los Angeles that you referred to and organizing a local overall economic development program committee by getting technical assistance available to help that committee analyze its problems and start programs in motion to solve the problem, and to learn by actual practical working with the problem how best legislation can help meet the needs of the people in that area. We hope to succeed.

Mr. WILSON. You have the authority now that this type of program can be initiated, and that if the facts come out as we think they are, that this type of an unemployment percentage exists in a large section of the Los Angeles area, that this could strengthen the request for any additional amendments to the law?

Mr. BATT. We have the authority and we think that the Williams amendment that the Senate adopted will help us get the data.

Mr. VANIK. Will the gentleman yield?

Mr. WILSON. Yes.

Mr. VANIK. The witness spoke about Los Angeles. Now I make the same inquiry about the city of Cleveland.

Mr. BATT. You did.

Mr. VANIK. I would like to hear what the gentleman's reaction is about the same problem in my community.

Mr. WILLIAMS. We would certainly be very happy to extend this program of study to the city of Cleveland, and we would be very happy to work with you and the Cleveland people in developing an appropriate project of this kind.

As you know, the technical assistance section of this act, section 11, does not place any limitation on where technical assistance can be given.

We feel it is in keeping with the intent of Congress to give technical assistance to these hard core areas.

Mr. VANIK. What is the language that determines the definition of the labor market area?

Mr. WILLIAMS. Labor market areas are determined by the Bureau of the Budget in consultation with all the——

Mr. VANIK. You mean the Bureau of the Budget sets the lines for the labor market area?

Mr. WILLIAMS. In consultation with the Department of Labor and with other Government agencies which are concerned. These have been established over the years.

Mr. VANIK. Couldn't the Administrator proceed with this problem by getting a definition of the labor market area changed so that it might reach our particular situation?

Mr. WILLIAMS. It is a very difficult problem. There are complex migration and commuting patterns.

Mr. VANIK. I am just talking about legal definitions. I am not talking about other aspects of the problem.

Isn't it possible for us to get administrative relief by seeking to get the definition of the labor market area modified in such a way that it would be made a part of the city?

Mr. BATT. Mr. Vanik, it is not as easy as that. A labor market area for Cleveland, that is the people who commute to work in Cleveland, include presumably people from a fairly substantial district around Cleveland, and this is based on commuting pattern studies. It is based essentially on the census and what they find out on the decennial census and what they find out about commuting habits.

So the labor market area concept really breaks down when you are trying to identify a hard core unemployment in the center of a city.

Mr. BOLTON. Will the gentleman yield for a question?

Mr. VANIK. Mr. Wilson has the floor.

Mr. WILSON. Yes.

Mr. BOLTON. Is there a distinction between a labor market area and a market area?

Mr. BATT. Yes.

Mr. WILSON. Isn't there authority—what is the procedure that is followed to get a new census? Isn't one being taken in Jersey City or some place in New Jersey that the local government is financing that can be used for these purposes to determine unemployment statistics, or just what is the procedure you are following?

Mr. WILLIAMS. Our present regulations allow us to designate less than a redevelopment area, less than a labor market area when it is a full county.

Mr. VANIK. That is a regulation though. You can change that, can't you?

Mr. WILLIAMS. We can change that down to a full city.

Mr. VANIK. You can change that to a part of a city?

Mr. BATT. Not under this language, Congressman.

Mr. VANIK. What is the prohibition?

Mr. BATT. The prohibition is in the conference report of 1961 which says, "It is not the intent of the conferees to authorize designation of part of a municipality."

Mr. VANIK. That is in the conferee's report?

Mr. BATT. Yes, sir.

Mr. WILSON. Where can we get—you say that your counsel has determined that that is the intent of Congress and that it can only be changed by a change in the act itself rather than new wording in a new conferee's report.

What authority do we have that we can go to find a legal opinion about that? It may be that your counsel is giving you the wrong advice.

Mr. BATT. We can apply to the GAO.

Mr. WILSON. I wonder if we could get that.

Mr. BATT. We will ask the GAO to give us an opinion. We will be happy to get it for you, sir.

Mr. WILSON. Thank you. I am finished.

The CHAIRMAN. I believe Mr. Bolton is next, or Mr. Taft?

Mr. BOLTON. Mr. Taft, or Mr. Pepper.

Mr. PEPPER. Mr. Chairman, my good friend, Mr. Bolton, made inquiry as to the project to which I adverted as an example of how the Federal Government could trigger something which in this case would bring about a State and a local contribution of approximately \$100 million, and private contributions of at least \$300 or \$400 million more, and suggested that this might be just a local promotion of some sort.

The CHAIRMAN. Senator Pepper, we will get to you next. We are alternating.

Mr. PEPPER. I beg your pardon.

The CHAIRMAN. Mr. Taft comes next.

Mr. TAFT. I will be glad to defer to the gentleman.

Mr. PEPPER. I am sorry. I thought the Chair had recognized me.

Mr. TAFT. Mr. Batt, I am interested in this matter of the figures having doubled in the last 4 months. This program started when? When did the appropriations become available?

Mr. BATT. They became available in October of 1961, Congressman, but what I think is hard to appreciate is the fact that it got started very slowly, and the pipelines have built up so that the rate of approvals is increasing every month, and I suspect the next 3 months will show a similar increase.

Mr. TAFT. The figures that you gave us are what?

Mr. BATT. The figures as of the 25th of July.

Mr. TAFT. The 25th of July, they represent what, the approval, the total price?

Mr. BATT. The total approvals, 370 projects, \$165 million, and in the pipeline we have \$278 million.

Both the pipeline and the approvals have increased enormously. We are getting in additional requests of a million dollars a day.

Mr. TAFT. The criticisms on the floor of Congress when this bill first came before the House haven't had anything to do with this speedup?

Mr. WILLIAMS. No, sir; but we always felt that those criticisms were unjustified because we knew the program was about to have a lot more approvals any day because of our large pipeline.

Mr. TAFT. Apparently in the approach of the Appropriations Committee though the figures that were asked for, in spite of what you say which may have been true, the appropriations approved by them were considerably less than the authorization.

Mr. WILLIAMS. No, sir; the Appropriations Committee did not give us our actual request because the Congress failed to pass our request for increased authorizations.

Mr. BATT. They only gave us what would come under the existing authorization. We asked for an amount substantially above our present authorization, and the committee cut us down to just the amount authorized.

Mr. TAFT. But your submission to the Appropriations Committee wasn't anything like the amount authorized.

Mr. BATT. Our submission was a great deal more than the amount authorized.

Mr. WILLIAMS. But don't forget, sir, that the submission to the Appropriations Committee was only to carry us through July 30, 1964.

The authorizations are intended to take us to the end of the expiration of the act, which is in July 1965.

So there is another full fiscal year on top of that.

Mr. TAFT. Let's get down to what you think you will need for the year of July 1964. What kind of authorization? Suppose we were only going to authorize up to the amount that you wanted for the July 1964 year?

Mr. BATT. We presented that all to the Appropriations Committee.

Mr. TAFT. Do these figures stand, that is what I want to know.

Mr. BATT. Yes.

Mr. TAFT. In view of what you have said here today about the amount doubling and the buildup, and so forth.

Mr. BATT. That was all foreseen in the projections.

Mr. TAFT. Those appropriations request for the year 1964 still stand?

Mr. BATT. That is correct, sir.

Mr. TAFT. Mr. Roosevelt, I was somewhat stunned by your testimony on this area of civil rights. I am sure you agree with me that this is one of the most important areas we could be considering in legislation in this session of the Congress.

I would like to say at the outset that I don't agree with you that an overall approach is a sound approach at all. I think the Congress has the duty on each of these programs to consider whether it wants to specifically outlaw any discrimination on account of race in the grant of Federal money, money which comes from all of the taxpayers.

It seems to me that there may even be a legal or constitutional right to see that this money is spent in a nondiscriminatory way whether we pass legislation or not.

But I think that we ought to spell out specifically in each of these programs the fact that the money is not to be used in a way in which it will discriminate in any way.

May of us, including myself, have sponsored bills in the educational field and in other fields to specifically state that.

For instance, bills dealing with education do that.

But moving specifically, I think it is important to understand what the present situation is. Forget about laws that might be enacted for the moment, but what the present situation is legally with regard to discrimination under the ARA program.

In that respect specifically, isn't it true that regulation 306.3 is still in effect, the Area Redevelopment Administration's regulation?

Mr. BATT. Yes, sir; that is correct.

Mr. ROOSEVELT. That is correct.

Mr. TAFT. Isn't it true that in the language of that regulation it is specifically stated that the definition of residential property, which is the only definition to which the antidiscrimination provisions of the regulation provide, contains the words "but excluding transient or hotel facilities or parts thereof which are intended for occupancy for a period of less than 30 days." Isn't that still in the regulation?

Mr. ROOSEVELT. That is in the regulation as of the moment.

Mr. TAFT. You say as of the moment. Is it anticipated it is going to be changed?

Mr. ROOSEVELT. It is anticipated that the Congress will pass the public accommodations bill proposed by the President.

Mr. TAFT. If that bill isn't passed, is this provision going to be changed? Do you plan to change this provision?

Mr. ROOSEVELT. Let me ask you this, Congressman: If the Congress refused to pass the President's proposal on public accommodations, would you then tell the Administrator that he ought to do what Congress has failed to do?

Mr. TAFT. I don't think we are talking about title II. We are talking about title VI, in any event; but yes, I think specifically you have got a very different question here from the public accommodations section, which incidentally——

Mr. ROOSEVELT. Actually, of course, what the Administrator of ARA has done was to issue the regulations required by the President's Executive order.

Mr. TAFT. And the President's Executive order you consider does not include transient facilities, is that correct?

Mr. ROOSEVELT. I think that is correct.

Mr. TAFT. Excludes transient facilities at the present time?

Mr. ROOSEVELT. That is why the President has requested legislation.

Mr. TAFT. In your reference to title II, you recognize, of course, that the whole question of overall public accommodations differs (although I myself happen to support such a statute or such provision), but this differs entirely from the whole question or concept of using Federal funds, which is covered in title VI of the civil rights bill as proposed by the President; isn't it?

Mr. ROOSEVELT. Yes.

Mr. TAFT. So that the question here which we are talking about is using Federal funds in a project in which there is discrimination, which doesn't really relate to this question of public accommodations at all?

Mr. ROOSEVELT. It is really broader.

Mr. TAFT. Far broader than that.

Mr. ROOSEVELT. That is correct.

Mr. TAFT. Do you consider that at the present time the President has the authority, if he wished, to do so to include transient facilities in the Executive order as it presently stands under which regulation 306.3 was issued?

Mr. ROOSEVELT. I frankly would have to consult the lawyers on that question. I am not prepared to define for you the President's existing authority.

But I would be glad to get an opinion from our counsel as to what the President's existing authority is.

Mr. TAFT. Aren't you concerned about this problem if the civil rights bill shouldn't pass that this program perhaps will continue to discriminate insofar as these facilities are concerned?

Mr. ROOSEVELT. Congressman, I think that if you will examine my record both while I was in the Congress for 6 years and as a private citizen, that you will find that not even yourself can match my efforts on behalf of civil rights.

Mr. TAFT. Mr. Secretary, that is why I stated that I was stunned.

Mr. ROOSEVELT. And I think that I made it very clear that I am very hopeful that the President's proposals on civil rights will be passed and will make unnecessary such amendments as you said you are prepared to make to this bill, because I think it confuses the issue.

I would like to see the President's proposals on civil rights passed not as a partisan issue whatsoever, and not as an issue aimed at one section of the country.

This is an issue which confronts all of America today, whether it be in equal employment opportunities, whether it be in education, whether it be in public facilities, or anything else. I would like to see those proposals of the President supported on a bipartisan basis.

Mr. TAFT. Now let's take this some 24 percent, I think the testimony was, of the commercial and industrial loans have gone for hotels and motels, and I suppose—

Mr. ROOSEVELT. For recreational facilities overall.

Mr. TAFT. I suppose that quite a few of those are in Southern States, is that true, Mississippi, Louisiana, Georgia, Alabama?

Mr. ROOSEVELT. Mr. Williams says that most of them are in the North and West, although I haven't got a breakdown.

Mr. TAFT. Are there some in the Southern States?

Mr. WILLIAMS. Yes.

Mr. TAFT. And in the Southern States and in other States are those facilities open to all Americans or are they not? Is there any assurance that they are going to be open to all Americans today?

Mr. BATT. There has never been a complaint that they aren't.

Mr. TAFT. Are any of them operating today as yet?

Mr. BATT. We would have to check and find out.

Mr. TAFT. You don't know whether they are operating yet? Do you have any assurance in any contracts that you have with them that they will be open to all Americans?

Mr. ROOSEVELT. I saw a motel in West Virginia that was open to all Americans.

Mr. WILLIAMS. I stayed at a motel financed by ARA in Kentucky that was open to all Americans.

Mr. TAFT. Have you checked into the matter as to whether any of the ones that you are financing might not be?

Mr. WILLIAMS. I have not checked into the matter of all of them, but I have checked into the matter of some of them, and those that I have checked into are not discriminating.

Mr. TAFT. Mr. Roosevelt, under the act as it stands at the present time, is there any requirement of any kind under the act or the regulations that facilities built with ARA funds not discriminate in employment?

Mr. ROOSEVELT. Oh, yes. That part of it which deals with the construction, that is clearly covered. There can be no discrimination of employees.

Mr. TAFT. When did that become covered?

Mr. ROOSEVELT. That became covered under the President's Executive order.

Mr. TAFT. Of what date?

Mr. ROOSEVELT. June 22, I believe.

Mr. TAFT. Of this year?

Mr. ROOSEVELT. I believe so; yes, sir.

Mr. TAFT. The program has been in effect since October of 1961 without such provision, is that correct?

Mr. BATT. Public facilities has always been under this.

Mr. WILLIAMS. If I may clarify this, the public facility portion of our program has been administered by CFA, and has always included a clause in the contract specifying that employment in the construction must be nondiscriminatory.

Mr. TAFT. This is on public facilities?

Mr. WILLIAMS. That is correct.

Mr. TAFT. I am aware of that. That is true of any Government construction, I hope, today. It has been in the regulations for some time. But as to private facilities, industrial facilities, motels, or whatever that we might be financing under this, the first action taken by the President in regard to this was taken in June of 1963, is that correct?

Mr. WILLIAMS. To the best of my knowledge.

Mr. ROOSEVELT. I believe that is correct.

Mr. TAFT. Mr. Roosevelt, would you support an amendment to title VI of the Civil Rights Act to make the withdrawal or refusal of Federal assistance mandatory rather than at the discretion of the Administrator, which is the way I understand the language as it is presently drafted?

Mr. ROOSEVELT. I would like to read the statement of the Attorney General before the House Committee on the Judiciary regarding H.R. 7152 in which he refers to title VI, and may I quote his testimony:

Title VI deals with a related problem. Many programs and activities carried on by State and local governmental authorities and by private enterprises receive financial assistance or backing from the Federal Government. The benefits of such programs and activities unquestionably should be available to eligible recipients without regard to race or color. Likewise, the employment practices of the public or private organizations involved should be free of racial discrimination. However, it is arguable that some of the statutes providing Federal assistance leave the President no discretion to direct the withholding of the assistance on the ground of racial discrimination. Numerous proposals related to this problem have been made in Congress in recent years. In general, they have provided that Federal backing be withdrawn automatically and without exception from any program when discriminatory practices occur. The principle that these programs be nondiscriminatory is sound, but I think that a mandatory requirement that financial assistance be withdrawn is too sweeping.

I quote from the Attorney General:

Title VI would specifically provide authority to the executive branch to withhold financial support in any program when discrimination is found, regardless of the provisions of existing law. However, the exercise of the authority would not be mandatory. This approach, I believe—

says the Attorney General—

is directed to the heart of the problem, yet will not force the Government into inappropriate action in the exceptional situation which may arise, for example, a disaster situation, or one compelling the emergency grant of a defense contract.

That is the reason why the Attorney General has taken this position and why the wording of title VI is as it is. In other words, clearly support complete elimination of discriminatory practices; but as he points out, there might be a disaster situation or there might be an emergency defense contract where the national interest might require that the antidiscrimination provisions would not be for a one-shot situation, would not be applicable.

Mr. TAFT. Would you be for amending the law, then, to make it mandatory except in circumstances such as have been described by the Attorney General there, spelling out what a situation of this sort is instead of leaving it entirely up to the discretion of the Administrator as to whether or not he wants to approve discrimination or to not approve of discrimination?

Mr. ROOSEVELT. I don't think it is really up to the sole opinion of the Administrator. The Administrator would be working within the framework of the general policy of the Administration, and I am sure that you will agree that the policy of this Administration is to eliminate discrimination wherever it is found. But I would say that as to accepting an amendment to the President's civil rights bill, I would prefer to have you ask the Attorney General with regard to such amendments rather than asking me.

My responsibility is general in the area of public accommodations and not on some of the other features of the bill.

Mr. TAFT. I see my time is up, but just by way of comment I say I wonder on the basis of the record thus far, apparently there is some power of the President to issue orders in this area, and orders issued in this one respect as late as June 1963, I wonder if this is an adequate safeguard.

Thank you.

The CHAIRMAN. Mr. Pepper?

Mr. PEPPER. Mr. Chairman, I just wanted to say to my good friend, Mr. Bolton from Ohio, that when he suggested that the project to which I adverted a moment ago, the Inter-American Center in Miami, was merely a local promotion. I was sure he was not aware of the fact that Congress in 1950 passed a joint resolution, "providing for recognition and endorsement of the Inter-American Cultural and Trade Center," and then spelling out the reasons why the Congress took that position and requesting the President to issue a proclamation calling upon the agencies of the Government to cooperate in its assistance and upon the Latin American countries to participate, and that President Truman issued the proclamation of such character pursuant to such resolution January 30, 1952.

If I may, I would like to incorporate that resolution in the record.

The CHAIRMAN. Without objection, it is so ordered.

(H.J. Res. 511 is as follows:)

[H.J. Res. 511, 81st Cong., 2d sess.]

JOINT RESOLUTION Providing for recognition and endorsement of the Inter-American Cultural and Trade Center

Whereas the national security and prosperity of the United State require the development of improved relations and increased trade with the Latin-American republics; and

Whereas international friendship and trade are founded upon the good will and mutual respect of the people of one nation for those of another, and must be based primarily upon extensive popular contact and understanding; and

Whereas the natural expansion of our trade with Latin America, without subsidy or compulsion will sustain employment and production and improve living standards both in the United States and in Latin America, preventing the infiltration of undemocratic philosophies in Latin America while promoting mutual good will, understanding, and confidence, lasting trade connections, and solidarity among all the American republics; and

Whereas any constructive long-range program for the development of a balanced foreign trade with Latin America must provide ample opportunity for the participation of small businesses, together with adequate merchandising facilities for their products and their representatives; and

Whereas there is a compelling need for the establishment of a trade center which will aid in carrying out these objectives and which will provide an opportunity to bring together large numbers of people from all the American Republics and give recognition to their respective cultural, scientific, and artistic achievements; and

Whereas during the past quarter century outstanding statesmen, industrialists, and internationalists have frequently urged the establishment of such a trade center; and

Whereas the city of Miami, Florida, is the most suitable location for such a trade center, because it is the natural gateway of the United States to Latin America and possesses the additional advantages of moderate climate, ample hotel and recreational facilities, and long acquaintance with the people of Latin America; and

Whereas the State of Florida and the city of Miami will donate lands and money to be used in the construction of such a trade center, and the establishment of the center at Miami has been specifically and unanimously endorsed by groups and organizations from every field of endeavor; and

Whereas a large group of leaders in government, industry, finance, and civic affairs, assisted for seven months by carefully selected technicians, has prepared a comprehensive plan for the establishment of the Inter-American Cultural and Trade Center in Miami, to be operated in the national public interest as a permanent nonprofit self-sustaining enterprise: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress hereby expresses its endorsement of the establishment of the Inter-American Cultural and Trade Center in Miami as a permanent year-round nonprofit self-sustaining enterprise for the development of improved relations and increased trade with the republics of Latin America. The President is authorized and requested, by proclamation or in such other manner as he may deem proper, to grant recognition to the Inter-American Cultural and Trade Center in Miami, calling upon officials and agencies of the Government to assist and cooperate with such center, and inviting the participation of all the nations of the Western Hemisphere therein.

Passed the House of Representatives August 25, 1950.

Attest:

RALPH R. ROBERTS,
Clerk.

AMERICAN CULTURAL AND TRADE CENTER

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Whereas by a joint resolution approved September 27, 1950 (Public Law 853, 81st Congress), the Congress has expressed its endorsement of the establishment of the Inter-American Cultural and Trade Center in Miami, Florida, as a permanent, nonprofit, self-sustaining enterprise for the development of improved relations and increased trade with the republics of Latin America; and

Whereas the joint resolution recites that Miami is suitable for the location of such a Center because it is a natural gateway of the United States to Latin America and possesses certain additional advantages; and

Whereas the joint resolution also recites that the State of Florida and the city of Miami will donate lands and money for the construction of this Center; and

Whereas the effective functioning of the Center will encourage the mutually beneficial exchange of goods and services between the nations of the Western Hemisphere, thereby fostering the solidarity of the American republics; and

Whereas the aforesaid joint resolution authorizes and requests the President, by proclamation or in such other manner as he may deem proper, to grant recognition to the Inter-American Cultural and Trade Center in Miami: Now, therefore

I, Harry S. Truman, President of the United States of America, in consonance with the joint resolution, do hereby call upon officials and agencies of the Government to assist and cooperate with the Inter-American Cultural and Trade

Center in Miami, Florida, and I invite the participation of all the nations of the Western Hemisphere therein.

In witness whereof, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

Done at the City of Washington this 30th day of January in the year of our Lord Nineteen hundred and fifty-two, and of the Independence of the United States of America the one hundred and seventy-sixth.

By the President:

Secretary of State.

MR. PEPPER. Mr. Roosevelt, in respect to the question put by my friend, Mr. Taft; it is not a question, as I understand it, of a difference in principle, between us and him but in the specific application of the principle or the timing of the particular amendment or suggestion on civil rights. We didn't make Congress the way it is. It is just this way. I am generally in favor of the President's program, and I intend to give it my support, but Congress being disposed as it is today, if we debate the civil rights program on every bill that comes up, I wonder if we will ever get any legislation passed.

What I understand you to be suggesting is that the matter ought to be met by a frontal attack with a general law that would eliminate the necessity of fighting the thing all over again every time a bill comes up, because most bills that we pass authorize or appropriate Federal money. So if such amendments are offered on every bill we would never do anything but fight civil rights in piecemeal rather than in a single bill or a few comprehensive bills.

As I understand you, you were suggesting that you thought the more appropriate way to face the matter was a frontal attack such as has been made by the President and not by a piecemeal effort.

MR. ROOSEVELT. I agree with that, Senator, and I think I have made my position clear, and I have not heard my friend, as well as yours, Mr. Taft, state that if such civil rights provisions were included in this bill that he would support the bill. So I again wonder whether this is not an attempt to inject this question in order to basically defeat the bill.

MR. TAFT. Will the gentleman yield?

MR. PEPPER. Yes, I yield.

MR. TAFT. I would just like to state in that regard that I don't know whether I will support the bill or not. I offered some amendments to make the amounts coincide with the authorization of the Appropriations Committee when the bill first came on the floor. If it goes on through, I might well support the bill at that time.

However, let me say this, and I think it far more important to put the civil rights provision in this bill than to pass the bill. I will be frank to tell you that.

If I go at amending this bill on the floor I will probably do it by offering a substitute bill in order to put up the civil rights provisions and some of the other provisions of this act without getting into the disputed area of the authorization.

MR. PEPPER. Mr. Chairman, unless Mr. Roosevelt wishes to reply, may I remind my able friend from Ohio that probably in the coming months we will have a chance on the floor to debate the whole question, the whole package of civil rights and every aspect of it. So this bill is not the only instance by any means where a member of this committee has his or her only chance to support civil rights legislation.

Mr. Roosevelt, if I may just ask one question. I understand you to state that about 80 percent of the money disbursed by ARA was for loans, about 20 percent for grants.

Can you, with or without the assistance of your colleagues there, give us the figures as to the total amount expended upon projects approved by ARA, about how much of it has been Federal money (loans or grants), about how much of it has been State and/or local money, and about how much private money?

I would just like to see what sort of harvest the seeds of the Federal Government are getting.

Mr. ROOSEVELT. Mr. Williams has that, I believe.

Mr. WILLIAMS. We would be happy to supply those figures for the record, but I will give them to you roughly.

Of the section 6 projects, roughly 60 percent, a little less, 59 percent, have been Federal money, and the balance of the project itself has come from private sources and from State and local sources. However, a considerable amount of additional money in the form of working capital have been injected into these projects, and we have no records on the basis of this.

Mr. PEPPER. Approximately, then, as I understand your answer, let's just say roughly 50-50 have been Federal funds and State, local or private funds, and of the Federal funds about 80 percent have been loans?

Mr. WILLIAMS. That is correct.

Mr. PEPPER. Thank you very much.

The CHAIRMAN. Have you concluded?

Mr. PEPPER. Yes, thank you, Mr. Chairman.

The CHAIRMAN. Yes, sir.

Mr. McDade?

Mr. McDADE. Mr. Chairman, in deference to our colleague Mr. Talcott, who has an appointment, I will defer my questioning now, if I may continue later.

Mr. TALCOTT. May we reverse the order of our questioning?

The CHAIRMAN. Without objection, it is so ordered.

Mr. TALCOTT. I would like to correct one thing right away. The statement was made by Mr. Batt that this film that I was concerned about cost in the neighborhood of \$25,000, but in fact it cost \$37,697.87, according to his figures, which is about 50 percent in error again. I really believe almost everything about this whole ARA program is about 50 percent or more padded or exaggerated.

Isn't this figure correct about the total cost of the film?

Mr. BATT. Congressman, I gave that figure to the reporter to be included in the record. I simply read you the first line of this report which stated the original cost. I did not pad the figure. I gave you the facts as I had them, and simply read you the first line of the report.

Mr. TALCOTT. I am certain that the people in the audience who heard you got the idea that your film cost about \$25,000 when in fact it cost \$37,000.

Mr. BATT. With additional copies, which we got later because it was so tremendously successful, we obviously did pay more for the additional copies, that is correct, and we made that a matter of public record which anybody in the audience could read.

Mr. TALCOTT. Do you have any record of the amount of time that the people in your agency devote to showing this film?

Mr. BATT. This is the greatest timesaver we have ever had.

Mr. TALCOTT. I am just asking how much time is spent.

Mr. BATT. I haven't the remotest idea. When a man makes a presentation to a local chamber of commerce or a local Rotary club or a local Lions club at the request of local business groups we don't keep a timeclock on him.

Mr. TALCOTT. Could you tell me how many employees you have in your agency?

Mr. BATT. 388.

Mr. TALCOTT. And how many of them are used or what percentage of them are used strictly for promotional purposes of ARA?

The CHAIRMAN. Will the gentleman yield?

I know that in some instances they didn't have any employees because I had one of those films and it didn't cost them anything. I had our own people carry it around and show it, and I am sure that the same thing occurred in the case of other films that they had reproduced. Local citizens handled them.

Mr. TALCOTT. Your film cost the Government some money, too, sir.

The CHAIRMAN. I beg your pardon?

Mr. TALCOTT. The film that was supplied to you cost the Government some money.

The CHAIRMAN. But it didn't cost the Government anything to show it. You are talking about sending operators around to show it. The cases I know of didn't have any Government personnel doing that.

Mr. TALCOTT. I am only asking.

Maybe no one from ARA was sent around to show this film, that is possible. I just wanted to know if he knew.

Mr. BATT. We have no personnel sent around to show this film, Congressman, exclusively. Our field people spend a large part of their time at the request of local business organizations explaining the program, and this film has been one of the most useful tools that they have.

Mr. TALCOTT. Do you know how many people or how much money from your agency has been devoted to the placing of these signs around the countryside about ARA projects?

Mr. BATT. We don't do that. This is done by the local contract.

Mr. TALCOTT. So there is no cost to the Government for those signs?

Mr. BATT. No contract for the placing of the signs.

Mr. TALCOTT. What amount of those signs is paid for by the Government?

Mr. BATT. The cost of the signs is paid for by the Government.

Mr. TALCOTT. The wood and the printing?

Mr. BATT. Yes, the printing ink, perhaps.

Mr. TALCOTT. And the installation of the signs?

Mr. BATT. No.

Mr. TALCOTT. How do you define a job in this activity summary report? You talk about jobs there, but, as I see it, for instance in Kodiak, Alaska, you said there was going to be a loan which would produce 120 new jobs.

In that particular instance, does that mean 12 months of the year jobs?

Mr. BATT. These are all permanent jobs or they would not be so listed.

Mr. TALCOTT. So the 120 jobs in Kodiak, Alaska, for the Alaska Ice & Storage Co., Inc., provided 120 new jobs which were 12 months of the year 6 days of the week, a full week so there is no 3-hour day or something like that?

Mr. BATT. There is the best judgment of the responsible businessman who made that statement to us.

Mr. TALCOTT. Don't you check on these at all?

Mr. BATT. Yes, we certainly do.

Mr. TALCOTT. What did you find when you checked, if anything?

Mr. BATT. On the Kodiak, Alaska, one?

Mr. WILLIAMS. As Secretary Roosevelt explained in his opening statement, we take the figures which are given to us on statements which contain penalties for false statements, and we check them against the pro forma operating statements of the businessman which are submitted in conjunction with the loan, and where they are part-time personnel, we try to make them equivalent to full-time jobs.

In other words, we reduce them. If there are 200, 6-month employees, we would reduce the number of jobs to 100. These, again, are just direct jobs. They don't include construction jobs. They don't include jobs related to suppliers and things of that kind.

Now, we sometimes hit it right on the button. We sometimes are a little bit low. Sometimes we are higher. In looking at the sheet here now—

Mr. TALCOTT. What do you do when a person says there are going to be 50 jobs and it turns out to be only 26?

Mr. WILLIAMS. We would investigate it and we would find out if there was intent to deceive, and we might take some criminal action on that, I suppose.

Mr. TALCOTT. Or you might just give them some more money, might you not, like in the case of Naples?

Mr. BATT. Congressman, I resent the implication that the businessmen who are applicants to ARA for loans to create jobs in the communities, the hard-hit communities of this country, are misrepresenting their statements.

Mr. TALCOTT. What I resent is you not knowing enough about your business. I am only asking questions here about what you know. I am not criticizing the businessmen at all. He has a right to make any representation he wants under penalty of perjury or otherwise.

I am asking to see if you ever check back on some of these things to see if their figures are accurate and what you do if the figures or facts are erroneous.

Mr. BATT. We check back on them, obviously. The SPA checks to make sure that the loans are being repaid, and they check with the companies as the companies get construction, as the employees get hired on, and we get reports on those over a period of years.

Mr. TALCOTT. Can you tell me how many of these loans are in default now, if any?

Mr. BATT. I will be happy to supply that information.

Mr. WILLIAMS. There are none.

Mr. BATT. None have defaulted.

Mr. TALCOTT. Are there any that you have extended contrary to the original agreement but they came to you and said, "I am sorry we can't make our payments" so you extend the time of the loan or the payments or something of that sort?

Mr. WILLIAMS. None to my knowledge, but I will be happy to check on that.

Mr. TALCOTT. Do I understand you correctly that if Detroit wanted to build a motel or a hotel, a group or a single one to accommodate some 200 extra persons with the idea of attracting the Olympic games in Detroit, and if New York, Miami, Los Angeles, Seattle, and Denver all wanted to do the same thing, that this would be a criteria for granting the loan or a grant?

Mr. BATT. Every project has to stand on its own merits, Congressman, and we would not prejudge it because we have not seen the project.

Mr. TALCOTT. And if one group or organization came to you seeking a loan and suggested building a thousand-unit motel and said that there would be 1,000 new jobs, but those jobs would be taken primarily from other motels that were already in operation, would that be sufficient criteria for you?

Mr. WILLIAMS. That would disqualify them.

Mr. TALCOTT. Isn't that what happened in Detroit, that actually there were no new jobs created? People were simply shifted from one job to another?

Mr. BATT. That is not correct, sir.

Mr. TALCOTT. Then, what happened? Where did these people come from that got the new jobs in the Detroit situation?

Mr. BATT. Many of them may have come out of the automobile plants, there may have been unskilled or semiskilled workers who were unemployed. There is a vast labor force unemployed in Detroit.

Mr. TALCOTT. I am concerned a little bit about your emphasis on tourism business because it seems to me it is sort of precarious. Most of the tourism, except for some winter skiing or something of that sort, comes at a seasonal time. Is it not likely to be the first hit by a recession, a war, or railroad strike or bus strike or something of this sort? Also it comes at a time when other industries are highly employed like the building and road industries, fishing and many other employments.

Does that make any difference to you?

Mr. WILLIAMS. That is about 180 percent incorrect, if I may say so. The tourism industry, according to the First National City Bank of New York, is the most dynamic growth industry in the world today. It has been growing by leaps and bounds. As people's income increases and as their leisure time increases, it is ideally suited to soaking up excess unemployment in areas of high unemployment, because most of these areas are a bit off the beaten track and have a great deal of natural scenic resources and water resources.

Also, most of these areas have a great excess of unskilled labor or semiskilled labor, which can easily be trained to find jobs in the tourist industry and who can open up small businesses to serve the tourist industry. Therefore, most of the economists who have been studying economic development in this country believe that the tourism industry

offers one of the greatest opportunities we have to cure this cancer that the Secretary referred to.

Mr. TALCOTT. I think I would agree with you, too, that in an affluent society like we have, an economy that is doing very well that we are going to have lots of tourism. My only suggestion is that when we do have a recession, then tourism, I think, will be one of the first hit, and I am not too sure that you have refuted that idea nor the fact that it is seasonal in the summertime.

What happens to these people then?

Mr. ROOSEVELT. May I just answer that briefly by saying that if the businessmen of America were to restrict their investments to those industries which are depression-proof, America would not be where it is today.

Mr. TALCOTT. I am not suggesting that they restrict them to depression-proof industries because there aren't too many of those.

Mr. ROOSEVELT. You are suggesting that the tourism industry is one in which we should discourage private businessmen from putting their share of the funds or the community's making possible participating in these projects because it might be one of the first hit. But I would also add that the automobile industry and the steel industry are also among the first hit when we have a depression.

I might also add that if we pass the tax bill I don't think we are going to have a recession for quite a long time to come.

Mr. TALCOTT. That remark is off the subject.

Mr. ROOSEVELT. But, Congressman, basically what I am saying is I don't think it is fair to say that the ARA should not go along with projects involved in the tourist industry simply because in your opinion this might be one of the first and most hard hit industries.

Mr. TALCOTT. I am not expecting anybody to do anything on my opinion. I am only asking questions and bringing this situation up. It occurred to me that this was one of the most precarious industries, one that was likely to be withdrawn first in time of recession much before cars and steel, and also that it comes at a seasonal time (mostly the summertime), and I still think this is true, with the exception of some of the—

Mr. ROOSEVELT. Strangely enough, tourism today is almost an all-year-round business.

For example, in West Virginia, they do get a lot of summer tourists for enjoying their lakes, fishing, and so forth. In the fall they are getting an increasing number of people who want to use the great facilities for hunting, and, again, for fishing. In the wintertime they are developing some of the finest skiing that there is anywhere in the country.

So tourism is becoming an all-year-round proposition.

Mr. TALCOTT. This is good, then, because I think we have to be careful about developing seasonal trades to a great extent because you have to pay unemployment insurance to these people during the "off" seasons. I am hoping Detroit will have something for which to use these hotels in the wintertime, and are not inviting additional wintertime unemployment and welfare.

I am just asking, are these things taken into consideration when they make their applications?

Mr. WILLIAMS. Yes. Not only do we try to take that into consideration in terms of a year-round employment in helping some of the summer resorts get winter facilities, but we also take into consideration the effect many of our tourism projects will have on the balance-of-payments projects. We have a number of tourism projects which are peculiarly adapted to attracting visitors from abroad to this country and to spend money in this country and use these facilities.

In addition, many of our other projects are peculiarly adapted to get Americans who might ordinarily go abroad to stay in this country and see more of the USA, because we are firmly behind this program, and we would like to provide a large part of the catalytic force needed to stimulate much greater investment in first class tourism facilities in this country so we can keep Americans home.

Mr. TALCOTT. That is a minor phase of your responsibility, in my opinion.

Mr. ROOSEVELT. No, sir; I am sorry, but I sit on the Cabinet Committee on Balance of Payments, and the outflow or net balance of our tourist industry, and this, of course, includes shipping, aircraft, and everything else—

The CHAIRMAN. Has the gentleman's time expired?

Mr. TALCOTT. If it has, I yield.

The CHAIRMAN. Didn't you receive notice?

Mr. TALCOTT. It didn't seem like 10 minutes. It seemed like I had only five.

The CHAIRMAN. We want to be fair, but I don't think you ought to take time away from other members.

Mr. TALCOTT. Certainly, I will wait.

Mr. ROOSEVELT. Mr. Chairman, if I can just finish that sentence, about \$1,400 million is the net outflow on our tourist business, and of course this is a large part of our net balance-of-payments deficit.

Mr. TALCOTT. How does that compare with foreign aid?

Mr. ROOSEVELT. Foreign aid will very shortly be a net outflow of only about \$500,000.

Mr. VANIK. Mr. Chairman, this testimony is not relevant to the issues.

The CHAIRMAN. We have had lots of points not relevant to the issue, and it is discouraging to me to think that every minute we delay, we deny people an opportunity to get a job and make a living for themselves and their families.

I think we are doing a great disservice to a good cause when we delay a bill that gives jobs to deserving people. This is an unemployment bill, and I don't think it should be blocked by immaterial questions. I just hope it is not.

I am not passing on the immateriality or the materiality, but I just hope that we don't unnecessarily delay this bill. Now if an issue is on the merits, all right, but let's not delay on some trivial matter or immaterial question.

Mr. TALCOTT. Your witnesses brought up the subject. I did not want to get into that subject.

The CHAIRMAN. Mr. White.

Mr. WIDNALL. Mr. Chairman, I just want to make this comment in line with what you have said. I don't know of anybody that is being deprived of a job at the present time because of any failure of the Congress to pass the authorization contained in this bill.

The CHAIRMAN. I do.

Mr. WIDNALL. There are sufficient funds as I understand it at the present time.

Mr. BATT. No, sir; the grant section of the act ceased on June 30 because of the action of the Congress.

Mr. WIDNALL. Who has been deprived of jobs, and name what specific projects have failed.

The CHAIRMAN. He named them in his testimony, 250,000 jobs can be obtained under this legislation. This is an unemployment bill.

Mr. TALCOTT. I don't believe it.

The CHAIRMAN. He who fights this bill is fighting relief to the unemployed.

Mr. WIDNALL. Mr. Chairman, that is not it. You haven't answered my question, Mr. Batt.

Mr. BATT. We will be happy to try to uncover that estimate for you.

Mr. WIDNALL. Who has been deprived of any money to provide a job up to this very moment by the failure of Congress to act?

Mr. WILLIAMS. May I answer? There are some people now waiting in Grafton, W. Va., for a project to be approved which involves an ARA grant, which is waiting for approval but which cannot be approved because we do not have the money for it.

Mr. WIDNALL. That is the Appropriations Committee and not this committee.

Mr. WILLIAMS. No, sir. The reason we do not have that money is because this bill giving us the increased authorization for grants has not passed, and therefore we no longer have any authorization to use grant money.

Mr. WIDNALL. What is the nature of the jobs involved?

Mr. WILLIAMS. Construction.

Mr. WIDNALL. How many?

Mr. WILLIAMS. I do not have the exact figures.

Mr. WIDNALL. Is this for a planning grant the same as the others?

Mr. WILLIAMS. No, sir.

Mr. WIDNALL. In Boston, Chicago or Philadelphia?

Mr. WILLIAMS. No, sir.

Mr. BOLTON. What kind of a grant?

Mr. WILLIAMS. Money grant.

Mr. BOLTON. Why can't you do it under APW?

Mr. WILLIAMS. It doesn't qualify under APW.

Mr. BOLTON. Anything that qualifies under—

Mr. BATT. No, I am sorry, Mr. Bolton, this is not true.

Mr. BOLTON. That was the gravamen of my question.

The CHAIRMAN. That is a mistake that is often made; it is not correct. Explain it, Mr. Batt.

Mr. BATT. You have to show a number of things to qualify under the APW program. Among them acceleration has to be shown, something which was not already planned, but which will be made possible by the Accelerated Public Works Act. This is one of the requirements under the APW program which differentiates that.

The CHAIRMAN. Let's get back on. We have two or three more, and Mr. Widnall and Mr. Taft have a witness who I understand has been here all this time. We should conclude all relevant questions, I hope

in a reasonable time, and we will hear the witnesses that Mr. Widnall and Mr. Taft want us to hear.

Mr. ROOSEVELT. Mr. Chairman, if I may just clarify for Mr. Bolton, the APW funds are I believe entirely committed as of now.

Mr. BOLTON. The \$450 million, Mr. Secretary.

Mr. ROOSEVELT. The additional \$450 million has been distributed to the respective agencies.

Mr. BOLTON. And therefore the statement which I made on the floor and which was denied, namely that the administration would be back in for approximately \$3 million additional authorization now looks as if it will be brought out.

Mr. ROOSEVELT. No, sir, we are not back in asking for a new APW authorization. As I explained in my earlier testimony, that is the position of the Administration. However, if the Congress in its wisdom wants to renew the APW program, that is up to Congress.

Mr. WILLIAMS. Mr. Chairman, may I supply the information for Mr. Widnall. The city of Grafton in Taylor County, W. Va., has a project pending approval in our office to expand the water and sewerline to serve the Salem Glass Works.

When that project is able to be approved, the Salem Glass Works tells us that they will put on 80 more people in their factory, and we cannot now approve that project because we do not have any grant authorization, so we assume that those 80 men are now going unemployed until we get our grant authorization.

Mr. TALCOTT. I think it should be shown that the House defeated this bill, not this committee.

The CHAIRMAN. We delayed it right now.

Mr. WILSON. A point of order, Mr. Chairman.

The CHAIRMAN. What is the point of order?

Mr. WILSON. Isn't it Mr. White's time to ask questions?

The CHAIRMAN. Yes, sir. The point of order is well taken.

Mr. WHITE. The only thing I would like to say, Mr. Chairman, I would like to compliment the Secretary and the Administrator on the testimony they have given here today. I think for all the criticisms leveled at the Administrator, he has done a very good job to this point, and I assume he will do so in the future.

Mr. BATT. Thank you, Mr. White.

Mr. WHITE. That is all I have.

Mr. BATT. I appreciate that, sir.

The CHAIRMAN. Mr. McDade.

Mr. McDADE. Thank you, Mr. Chairman. I want to make this statement before I begin questioning on the act.

Mr. Secretary, Mr. Roosevelt, I think it was ill advised of you to charge my colleague, Mr. Taft, with an attempt to defeat this bill because of his interest in the civil rights amendment.

I have been a constant supporter of ARA, both on this committee and I spoke for it on the floor of the House in the last session. I intend as well to support, as I did last time, an amendment that bears on the civil rights question. I think we could just as well say you are anticivil rights in opposing Mr. Taft's amendment. I don't think this helps the situation to throw these charges around, but I resent your comment.

Mr. ROOSEVELT. I certainly want to clear up anything which may have caused you to resent my remarks.

I might add that I listened very carefully to Mr. Taft's reply, and I believe that within certain limitations Mr. Taft indicated that he would support the ARA bill.

Now he did indicate that he had other amendments besides the civil rights amendment, and, of course, I don't know what those amendments will be, and therefore I can't tell what the effect of them would be. But I frankly welcome even the cautious support which Mr. Taft indicated he might consider giving to this bill.

Mr. McDADE. We might as well welcome your cautious support of the civil rights amendment to this particular bill as well.

Mr. ROOSEVELT. I think I have made my position very clear as to civil rights, and certainly my record is one which I believe even Mr. Taft would agree compares very favorably with his over perhaps a longer period of time.

And so I think what we are really discussing is the question of semantics, whether you should put it in as an amendment to this bill or whether you would agree that it is better handled by the Congress, as Mr. Pepper suggested, as a total frontal approach to the whole question of civil rights.

Mr. McDADE. I don't think we can dismiss it as semantics. But I want to go on with my questioning.

I would like to know whether or not, first Mr. Secretary and then Mr. Batt, whether or not you support the proposal that was made by Senator Holland or Senator Smathers of Florida, on an amendment that would amend section 5(a) of the act. Mr. Secretary, Mr. Roosevelt, do you approve of that amendment?

Mr. ROOSEVELT. This is which amendment?

Mr. McDADE. This is the amendment dealing with Miami.

Mr. ROOSEVELT. Yes, sir; we have said that within the wisdom of the Congress that it is up to the Congress, and we will gladly abide by whatever decision they make.

Mr. McDADE. You would take no position on it either way?

Mr. ROOSEVELT. We can see the very valid arguments for it.

Mr. McDADE. And can you see any against it?

Mr. ROOSEVELT. There is always a question as to whether we shouldn't consider the problems of Cleveland, of other areas where we do have pockets of unemployment within a broader labor market. But I think that the special considerations of Miami do distinguish it, and I personally would therefore support this amendment.

Mr. McDADE. Are you familiar with the wording of the act that relates to substantial and persistent unemployment, for example, in the declaration of purposes section?

Mr. ROOSEVELT. I believe I am; yes.

Mr. McDADE. Would you get a copy of the act? Section 2 of the act is what I am referring to.

Mr. BATT. Section 2, declaration of purpose, yes, we have got it here.

Mr. McDADE. I would like to bring your attention to the third line in which it recites inter alia:

Some of our communities are suffering substantial and persistent unemployment.

Then as you move down further, again we have the phrase repeated "substantial and persistent." I want to bring your attention to the fact that we are using the conjunctive phrase and not the disjunctive "substantive and persistent", whereas the proposed Senate bill in section 3 on line 11—

Mr. ROOSEVELT. We have so much paper it is beginning to look like a snowstorm.

Mr. McDADE. So long as it isn't a snow job we won't complain.

I want to draw your attention if I may to line 11 "condition of substantial unemployment." The word "persistent" is omitted in the Senate bill.

Now if I can in the original act, I once again want to draw your attention to section 5(a) which defines, of course, the basic categories.

Mr. ROOSEVELT. Yes.

Mr. McDADE. As you know. A cursory reading of this sets forth exactly the same phrase "substantial and persistent."

Mr. PEPPER. Will the gentleman yield? Are you referring to section 5(a)?

Mr. McDADE. 5(a) of the act as passed.

Mr. PEPPER. Yes; I have it.

Mr. McDADE. And continues—

There shall be included among the areas so designated any area and then section 1 "setting forth the rate of unemployment" containing this clause:

excluding unemployment due primarily to temporary or seasonal factors.

Now I think this amendment that you have declared yourself in favor of flies in the face of the purpose of this bill. Would you like to comment on that?

Mr. ROOSEVELT. I don't believe that it is in conflict. I think it recognizes what has been a situation for several years in Miami, and I would suggest that the Senate has worded it in this way as a clear exception to the act because of the special conditions which exist in Miami.

I would like to hope with you, Congressman, that the Cuban situation is very temporary.

Mr. PEPPER. Will the gentleman yield?

Mr. McDADE. I would rather continue with this if I may.

Mr. PEPPER. I thought Mr Roosevelt had concluded.

Mr. ROOSEVELT. But I think that under the circumstances we can't see any immediate solution tomorrow or the next day or maybe even during the rest of this week.

Mr. McDADE. It is my opinion, Mr. Secretary, that this is the type of situation that hurts the ARA program. In our area as the Administrator knows, we have been fighting this problem ever since before World War II. We are clearly an area of substantial and persistent unemployment.

There is nothing temporary about it, and I think that when we dilute the act, we begin to make it less acceptable. It is not going to be very acceptable to my community for them to find out that Miami and Miami Beach have been declared areas of substantial unemployment, and therefore eligible for the same aid that my people are.

I don't know whether we are going to build an Americana down there or what. This kind of thing doesn't belong in the act. I think that the Department of Commerce ought to take a position on it. When it was before this committee, our able colleague, Senator Pepper, pushed for it as hard as he could, and it was not included as the bill was reported out by the House.

Mr. ROOSEVELT. I would simply say this: That in view of the Senate's action, we are in a position now of saying to you that whatever the House of Representatives and ultimately in conference with the Senate decides, is entirely acceptable to us.

We recognize the problem of selecting a special situation in which we all understand and have deep concern. But we also recognize the effect, the political effect in such situations as yours. For that reason as far as the Department is concerned and the ARA, we accept whatever decision the Congress makes on this question.

Mr. McDADE. If we choose, in other words, to eliminate this section, the Department will have no objection, the Department of Commerce.

Mr. ROOSEVELT. I have spelled this out in my direct testimony.

Mr. McDADE. Let's read that. That is what concerns me.

Mr. ROOSEVELT. On the top of page 12:

The second change which makes it possible to designate the Miami area is a problem to which this Committee has already devoted considerable time and attention; namely, the economic effect of the large influx of Cuban refugees. We recognize the gravity of the problem, and if the Congress desires to amend the ARA to attempt to provide some measure of relief to this area, we will gladly cooperate to the best of our ability.

Mr. McDADE. And you will be equally happy if we remove this from this bill and declare that Miami Beach is not an area of substantial and persistent unemployment?

Mr. ROOSEVELT. We will continue to be aware of a very difficult and serious situation.

Mr. McDADE. But you will approve of our action, is that right?

Mr. ROOSEVELT. We will abide by whatever the House and the Senate in conference decide to do.

Mr. PEPPER. Will the gentleman yield?

Mr. McDADE. Mr. Roosevelt, I think this is pretty fundamental. Honestly I do. I am a supporter of this bill.

I don't think it is wise for the administration to send this bill to the floor of the Congress with a provision in it declaring Miami Beach an area of substantial and persistent unemployment.

Mr. PEPPER. Will the gentleman yield?

Mr. McDADE. I would prefer not to. I would prefer that Mr. Roosevelt answers this.

Mr. ROOSEVELT. I will refer to it this way. This is now a question in issue between the Senate and the House. It is not a question in issue as far as the Department of Commerce is concerned. We will abide by whatever you gentlemen in the House and the gentlemen on the other side decide to do.

Mr. McDADE. When this was last proposed before the House Banking and Currency Committee, before we reported out the bill last, it was voted down. You will clearly abide by the decision, if we do that again, won't you?

Mr. ROOSEVELT. Yes, sir. We will abide by any decision made by the Congress.

Mr. PEPPER. Will the gentleman yield?

Mr. McDADE. I yield now, Senator.

Mr. PEPPER. In the first place, I am sure the gentleman is not as familiar with the geography of Dade County as he perhaps might be. He has referred to Miami Beach.

Miami Beach is not asking aid under this bill. Miami Beach is getting along all right.

Mr. McDADE. I am glad to hear that, Senator but Miami Beach comes in, believe me, Scranton will be down there.

Mr. PEPPER. We are talking about redevelopment areas, and Dade County according to the information furnished by Mr. Williams here. I called attention to it this morning, and I am going to ask now, Mr. Chairman, to incorporate it together with the data obtained this morning from the Department of Labor, in the record if I may.

The CHAIRMAN. Without objection it is so ordered.

Mr. PEPPER. Dade County in 1961, on account of the Cuban refugees, had 9.8 employment, and in 1962 it had 9.8 unemployment, and in June of this year according to data obtained this morning, from the Department of Labor, had 10.1 unemployment on account of the Cuban refugees, who make up more than 10 percent of the population of Dade County. These refugees arrived there destitute and cost the Government of the United States \$70 million last year, including about \$20 million for a dole to live on. We are talking about jobs that will give them an opportunity for productive employment.

(The document above referred to follows:)

Unemployment figures for Dade County¹

Month	Unemployed	Percent	Unadjusted U.S. average (percent)	Seasonal adjusted U.S. average (percent)
January.....	44,000	9.5	6.6	5.8
February.....	45,500	9.6	6.9	6.1
March.....	43,300	9.2	6.3	5.6
April.....	45,100	9.7	5.6	5.7
May.....	40,500	9.0	5.6	5.9
June.....	45,100	10.1	6.4	5.7

¹ Dade County figures include Cuban refugees.

U.S. DEPARTMENT OF COMMERCE,
AREA REDEVELOPMENT ADMINISTRATION,
Washington, D.C.

HON. CLAUDE PEPPER,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN PEPPER: A few days ago we received a report from Robert C. Goodwin, Administrator of the Bureau of Employment Security, concerning unemployment in Dade County, Fla. In this report, Mr. Goodwin has given full consideration to the inclusion of Cuban refugees in the work force and in arriving at an unemployment rate. We understand that the Bureau of Employment Security has also sent this report to you.

To be eligible for ARA assistance an area like the Miami labor market area must have experienced substantial and persistent unemployment for an extended period of time. The rates for specific periods are shown in the table below. The last line of the table shows the rate of unemployment in Dade County, including Cuban refugees, for the years specified.

Average unemployment rates

Item	1959	1960	1961	1962
National average.....	5.5	5.6	6.7	5.6
50 percent above national average 3 of 4 years.....	8.3	8.4	10.0	8.4
75 percent above national average 2 of 3 years.....		9.8	11.7	9.8
100 percent above national average 1 of 2 years.....			13.4	11.2
Average annual rates reported for Dade County including Cuban refugees.....	6.1	6.8	9.8	9.8

A careful comparison of the new data with the levels of unemployment required for eligibility under the present criteria shows that, although the revised unemployment rates are higher than the rates based on citizens alone, they are not high enough to make the area eligible for area redevelopment assistance.

As the BES report also shows, the rates for the first 2 months in 1963 suggest a slight decline in unemployment. Although it is really too soon to detect the prospective trend for 1963, at least the change appears to be favorable.

We will continue to watch unemployment in the Miami area closely.

Sincerely,

H. L. WILLIAMS, *Acting Administrator.*

Mr. McDADE. Will the gentleman yield?

Mr. PEPPER. Just one other thing, if the gentleman will yield further. There is no absence of consistency in this amendment because under the present law, as Mr. Roosevelt admitted this morning and his staff will confirm, if you knock out the amendment, Dade County will be eligible for ARA benefit January 1. So all we are asking is that we may have an acceleration of 6 months in trying to deal with a problem that is a national burden upon a local community. I thank the gentleman for yielding.

Mr. McDADE. If the Department of Labor has now decided that the Cuban refugee problem is a temporary one or a permanent one, or if they have not I think they don't come within the purview of the act because the act says, "excluding unemployment due primarily to temporary or seasonal factors."

Mr. PEPPER. Can you tell me when—

Mr. McDADE. Would you mind letting me complete my statement.

Mr. PEPPER. Will the gentleman yield and tell me when they are going to quit coming there or when they will all be going home?

Mr. McDADE. I think probably when Florida passes a minimum wage law, you might see them leave, and not until that time.

Mr. BOLTON. If the gentleman will yield, I have asked that a witness come up and testify on that point.

The CHAIRMAN. We have spent 5 hours; these gentlemen have been on the witness stand 5 hours—more than 5 hours, nearly 5½ hours—and each member has had an opportunity twice to interrogate them.

It occurs to me that we have spent as much time with them as we should.

Mr. CLAWSON. Mr. Chairman, just with one exception. The second time hasn't come around yet to me.

The CHAIRMAN. You had failed to ask any questions. I assumed that you didn't have any.

Mr. CLAWSON. I had a few this time.

The CHAIRMAN. I will yield to you right now.

Mr. CLAWSON. Thank you, Mr. Chairman. Because of the question that my colleague, Mr. Wilson, asked, from Los Angeles County, I failed to get some of the answers that you might provide for the programs you described in that county, as to what area you would move into, to alleviate this problem.

Mr. WILLIAMS. Section 11 of the act permits the technical assistance to be provided to areas, and this is a very broad term which involves studies and assistance in pilot projects and demonstration projects and reports.

We don't have it fully worked out yet, but we do expect to work closely with the people of Los Angeles and with the interested Congressmen to develop a kind of program which will bring to that area the maximum possible help available under the bill as it now stands, and to determine what additional help is needed to solve this very, very real and severe problem there of unemployment in the hard core of the cities.

Mr. CLAWSON. As a Representative from Los Angeles County as is Mr. Wilson, this would primarily then be studies and recommendations of what could be done because the majority of these are unskilled people.

Mr. BATT. One other thing, Mr. Clawson, you put your finger on it. The majority of these are unskilled people. We think that a large part of their problem might conceivably be met by more effective use of the Manpower Development and Training Act to help upgrade skills in this core area of Los Angeles, to jobs which are available within commuting distance.

This is something we would like to work on first with the agencies of the State and the Federal Government concerned, and perhaps with one or more of the universities in that area, we would like to explore by actual application how much of that can be met under existing legislation and what perhaps additional we can recommend to you, whether or not the Area Redevelopment Act could make a contribution to a solution of the problem.

We think that it is largely a problem of matching unskilled people, many of them of low literacy levels, with jobs many of which may be available if this skill matching could take place.

Mr. CLAWSON. With the development of automation and particularly in southern California, which is rather progressive, you are going to see more and more of this problem. So it is going to be a constant retraining program; isn't it?

Mr. BATT. Yes, in California I would hope, Los Angeles and the State of California being the Nation's leader in education, and in technical education in particular, we might be able to find answers within existing legislation for much of this problem.

Mr. CLAWSON. So yours would be just a matter of assisting in the studies and reports?

Mr. BATT. No, we would help them set up an overall economic development plan for the core area which does not now exist.

We would hope to help them organize an economic development group for the core area which does not now exist. We would explore everything possible under the available programs to see that this particular core area problem, which concentrates on, as you pointed out,

Mr. Wilson, Negro Americans and Mexican Americans, is made most effective use of, and if we conclude by the first of next year, as you have asked us in your committee report, that additional tools are necessary, we would be prepared to come and recommend that to you, to your committee.

Mr. CLAWSON. Thank you, Mr. Batt. Now I would like to ask just a couple of questions in a completely different connection. What is the ratio of the expenditures of this agency up to this point of the tourism and related industries to any other type of industry?

Mr. BATT. About 22 percent.

Mr. CLAWSON. About 22 percent?

Mr. BATT. That is correct.

Mr. CLAWSON. And you indicated I think, Mr. Williams, that the tourism industry was really one of the growth ones, one that is expanding fast. Apparently it is a good investment right at this moment as far as growth is concerned; is that correct?

Mr. WILLIAMS. That is correct.

Mr. CLAWSON. If this is the case, does it need all the stimulation of Federal aid in these areas? Wouldn't people move in this direction if capital investment is so desirable?

Mr. WILLIAMS. Not necessarily, because one of the characteristics of a depressed area is deficiency of investment. One of the great purposes of this act, one of the things which make this act such a great act, is the fact that it is designed to remedy that deficiency of investment, and that holds true for tourism as well as for anything else.

Mr. CLAWSON. Thank you. That is all the questions I have, Mr. Chairman.

The CHAIRMAN. May I suggest that we let these witnesses go and hear the witness which the minority wishes to present? Is there any objection to that?

Mr. WIDNALL. Mr. Chairman, I believe on our side there are six of us who have further questions for the three witnesses. I would suggest deferring until tomorrow morning further questioning of these three witnesses, and hearing Mr. Mitchell, who is here.

The CHAIRMAN. We can't very well do that. That is irregular. Let us go ahead with the questions for these witnesses now, and finish with them.

Mr. WIDNALL. Mr. Chairman, I move that we defer further questioning until tomorrow morning at 10 o'clock, and hear Mr. Mitchell now. That motion is in order.

Mr. VANIK. Take all the time you want.

The CHAIRMAN. We are going to recognize you right now, Mr. Widnall. You are recognized to ask any questions you like.

Mr. WIDNALL. I move that we defer further questions of these three members.

The CHAIRMAN. I cannot recognize the gentleman for that purpose.

Mr. HARVEY. I second the motion.

The CHAIRMAN. The gentleman is recognized to ask questions.

Mr. WIDNALL. I ask for a vote.

The CHAIRMAN. We did not meet for that purpose.

Mr. WIDNALL. I understand.

The CHAIRMAN. I am not recognizing the gentleman for that purpose. We met with the understanding that we would have one day

of hearing on this matter and then have an executive session on the bill tomorrow morning. You are recognized to ask questions.

Mr. TAFT. Mr. Chairman.

The CHAIRMAN. Mr. Widnall is recognized.

Mr. WIDNALL. I yield to the gentleman from Ohio.

Mr. TAFT. Mr. Chairman, I move that we now adjourn until 10 o'clock tomorrow morning.

The CHAIRMAN. I will not recognize the gentleman for that purpose. It would violate our understanding.

Mr. WIDNALL. A motion to adjourn is a preferential motion.

The CHAIRMAN. Not in this situation.

Mr. WIDNALL. Mr. Chairman, I would like to know this—

Mr. PEPPER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman from Florida.

Mr. PEPPER. If we move to adjourn for executive session, I would suggest the absence of a quorum.

The CHAIRMAN. No; there is a quorum here.

Mr. ROOSEVELT. Mr. Chairman, I must testify tomorrow before Mr. Harris' Committee on the railroad bill, and judging by the time that I have been here today, I could be tied up all of tomorrow on the railroad bill. And so I would just like the Chair to know of the difficulties that I would face in carrying over.

Mr. WIDNALL. Mr. Chairman, may I offer this: That if the three witnesses can remain here, and we can hear tomorrow the witness we invited, who has an appointment later on today, then maybe we can finish the business today with these three witnesses.

Mr. ROOSEVELT. Mr. Chairman, that puts me in a very difficult position. I have a good deal of work to do to get my testimony for tomorrow in order.

The CHAIRMAN. We must finish now. We will bear with you, Mr. Widnall, for any questions you want to ask, but please make them germane and material. We don't want to trifle with this legislation. We don't want to trifle with Congress. We don't want to trifle with the unemployed.

Mr. WIDNALL. Mr. Chairman, we started to trifle with this legislation when you called an executive session on it for the morning of Tuesday, July 30, without any hearings at all, and I think that was trifling with something that involves \$455 million, and is of extreme importance to the people of the United States, at a time when we are watching every penny that is being spent throughout the country, trying to get our fiscal house in order.

It certainly means when substantial changes have been made by the Senate that we should go into it. We have begun to go into it. There are still questions that we want to ask, and we want to do everything we can to see that there is fair consideration given to the bill.

The CHAIRMAN. The gentleman would be correct except he left out some facts. Those important facts are that we had a full and complete hearing on this whole subject for days and weeks, and we explored it from every angle. There is nothing new really that can be brought out. It is just a question of whether we are for the bill or against it based on the facts as we have them before us. I have great confidence in the gentleman. He evidently feels that there are

some unexplored areas on which he would like to ask questions, and he is recognized for that purpose, and we will be patient with him. We will stay here and listen to him, so go right ahead and ask questions.

Mr. WILSON. Mr. Chairman, while we are talking about this scheduling, may I ask a question?

The CHAIRMAN. Yes.

Mr. WILSON. In the event we go ahead with the schedule that you had originally set up with the executive committee meeting tomorrow, what do you anticipate the remaining schedule will be in connection with the progress of this bill insofar as the hearing before the Rules Committee?

The CHAIRMAN. We want to finish it tomorrow and then go before the Rules Committee, if we vote the bill out.

Mr. WILSON. When would you expect it to go to the floor?

The CHAIRMAN. Of course if there should be anyone against the bill—and I am not saying that Mr. Taft is against the bill—but if he is and if he injects this civil rights issue in here to get some of our people on this side who would be obligated to vote for civil rights to do so and in that way wreck the bill, we would have no legislation at all. It would be a case of the fellows who are against the bill wrecking the bill through this stratagem. We don't want to do that.

Mr. WILSON. Why do you say that would wreck the bill?

The CHAIRMAN. Because you wouldn't get any rule on the bill if it got out of this committee. It is regarded as a clear effort by the opponents to try to kill the bill. Therefore the bill wouldn't have a chance, and I think those who urge it should consider the fact that if they want a real bill to help the unemployed, without reference to race, color, religion, or anything else, then they should stay on the track and get the bill through and help these 250,000 people.

We can pass on the civil rights program in a comprehensive manner as the President proposed. All year opponents of legislation have raised such questions for the purpose of trying to defeat the legislation. I hope it is not true in this case. I hope our minority friends will not be persuaded to go along with that kind of conduct.

Let's help these 250,000 unemployed. Let's help this country. Let's help the balance of payments. This will help the balance of payments. This helps our whole economy. Every minute's delay is detrimental to our country.

Mr. BOLTON. Mr. Chairman, would you yield for a question?

The CHAIRMAN. Yes, sir.

Mr. BOLTON. Don't you feel that whether you are in favor of a piece of legislation or opposed to it, that every member of this committee is dutybound to see to it that as good a bill is put before the House as is possible?

The CHAIRMAN. Yes, sir, but I don't think just rehashing it all the time, the same thing, improves on a constructive piece of legislation.

Mr. BOLTON. In that light don't you feel that even though you might oppose the program, you could feel very strongly about certain things pertinent to that program, and that therefore you could in good con-

science be for a civil rights amendment and at the same time opposed to the bill?

The CHAIRMAN. I doubt that the gentleman from Ohio would vote for this bill if we put the civil rights amendment on it. I doubt they would.

Mr. BOLTON. Me or Mr. Taft?

The CHAIRMAN. Both of you.

Mr. BOLTON. I am already committed, Mr. Chairman, if you will accept the amendment which I have offered to the bill.

The CHAIRMAN. I am talking about civil rights. I said I doubt either one of you would vote for it even if we put civil rights in it.

Mr. BOLTON. Are you questioning our good intentions with regard to the civil rights amendment?

The CHAIRMAN. Why certainly you have a right to, and I know the gentleman has good intentions, but I just doubt that you would vote for the bill if civil rights were in it.

Mr. BOLTON. That is the very point I am trying to make, that just because we happen to feel very strongly on the civil rights issue and are trying to put it into the bill is no reason that we are trying to do it just to defeat the bill.

The CHAIRMAN. No, I wouldn't say that exactly.

Mr. WIDNALL. Mr. Chairman, many Republicans offered a bill that went very far on civil rights before the President presented his program.

The CHAIRMAN. This is not a civil rights bill. This is a bill to get employment for 250,000 people who need jobs. Their families are suffering.

Mr. WIDNALL. It is a perfectly legitimate amendment. I am also concerned with the fact that in certain areas of Appalachia there are no Negroes, and this is going to be something that is going to be pointed for white folks as against Negroes. Let's put these things on the record, too.

The CHAIRMAN. That is only a small part of the whole United States of America.

Mr. WIDNALL. This is a point. Mr. Bolton has an amendment that is a very good amendment to the bill, and I think it is a very good approach.

The CHAIRMAN. We will consider it in the morning at 9:30. We will consider all amendments.

Mr. WIDNALL. I will take my turn for questioning, Mr. Chairman.

Mr. Williams, in your colloquy with Senator Pepper—

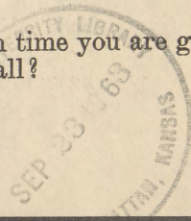
Mr. TAFT. Mr. Chairman, before Mr. Widnall starts, may I make a parliamentary inquiry? What are the plans of the Chair with regard to timing? I would like to be able to advise Mr. Mitchell, who has been here all afternoon as a possible witness, just when the committee is expecting to break for the dinner hour.

The CHAIRMAN. We want to finish, and I just don't know. It depends upon you gentlemen. I don't think our people want to ask any more questions. You gentlemen are asking all of the questions.

Mr. MOORHEAD. I have no questions.

Mr. WELTNER. I have no questions.

The CHAIRMAN. I am asking you how much time you are going to take. How much time do you want, Mr. Widnall?



Mr. WIDNALL. I don't know if I will take the full 10 minutes or not.

The CHAIRMAN. Mr. Harvey?

Mr. HARVEY. Not more than 5 minutes.

The CHAIRMAN. Mr. Bolton?

Mr. BOLTON. I have asked partial questions on two amendments that have been offered, Mr. Chairman. I have not finished my questions or comments with regard to the amendment.

The CHAIRMAN. How many minutes would you suggest?

Mr. BOLTON. About a half hour.

The CHAIRMAN. How much would you, Mr. Taft?

Mr. TAFT. I have 10 minutes at least.

The CHAIRMAN. And you, Mr. McDade?

Mr. McDADE. I don't know.

The CHAIRMAN. Mr. Clawson?

Mr. CLAWSON. It depends on what some of the testimony might be.

The CHAIRMAN. You gentlemen are asking all the questions. You are entitled to any credit for expediting or delaying.

Mr. TAFT. Does the Chair anticipate recessing?

The CHAIRMAN. No, sir; I think we ought to keep on, because these gentlemen have work to do; I have work to do, other members have work to do. If we are going to get through with this we have to keep going.

Mr. HARVEY. Mr. Chairman, we have work to do, and I just want to repeat what I said this morning, that I think this rush and hurry up job lends credence to what I read in the Washington Post about tying this legislation in with the cotton legislation. This is not a \$455 million bill, I think it is a \$700 million bill because we are considering both, whether there is going to be cotton legislation or ARA legislation.

The CHAIRMAN. When you gentlemen finish your questions we will hear your witness immediately. I understand he has been waiting quite a long time. I am sorry about it.

Mr. TAFT. I am afraid the gentleman isn't going to be able to be here, Mr. Chairman, if that is the case. I hope we can arrange the schedule.

Mr. HARVEY. Surely we can take him out of order. In court case after court case they do that.

The CHAIRMAN. The gentleman wouldn't suggest that you hold over the Assistant Secretary of Commerce and the Director of the Area Redevelopment Administration, and wait for some witness that is brought in here in the last minute at the request of the minority? Now we will hear him all right. We are glad to hear him, but he must come in order.

Mr. WIDNALL. Mr. Chairman, we only had a last-minute opportunity to call in a witness, and we are in favor of adjourning right now, adjourning until tomorrow, not holding these people any longer, or having them come back whenever they can come back, and have other witnesses at that time.

Is there something in the legislative schedule this week that precludes us from going ahead and doing a reasonable job on this bill?

The CHAIRMAN. We will vote in the morning on any motions you have. You might vote to have more hearings. If you do, that is all right, we will have more hearings.

But we are not to vote today. We are having open hearings as requested by the minority. The minority asked this. We did not intend to have these hearings today.

Therefore I am willing to stay here all day and until late tonight if necessary to finish up. So, Mr. Widnall, you may proceed.

MR. WIDNALL. Mr. Williams, in your colloquy with Senator Pepper, the statement about the Federal participation against the State, local and private, did you say you thought that was 58 or 50 percent?

MR. WILLIAMS. I said, sir, it was 58 percent excluding working capital, and Senator Pepper and I agreed if you added working capital you would probably get down to a roughly 50-50 proposition.

MR. WIDNALL. If that is the case, then the jobs that your administration is taking credit for is only 50 percent, and the rest is State, local and private.

MR. WILLIAMS. We have never claimed that our investment of \$1,800 for direct and indirect jobs is the only investment required, but we do maintain that our investment is the key investment without which the job would never be created.

And so we therefore feel that we are justified in taking credit for every job which is created as a result of our loan, and which would not be created if it were not for our loan.

MR. WIDNALL. But there is no proof as to whether or not any of these programs wouldn't have gone forward if ARA hadn't existed. Now there are many that will seek this low interest rate money. I know this because of other Federal programs.

The minute they are instituted, they give up trying to go through normal courses and try to get letters turning them down in other places so they can come in for longer terms and lower interest rates.

MR. WILLIAMS. The only thing I can say to that, sir, is to refer you to Mr. Batt's testimony in which he gives evidence of the fact that many projects with which we become associated at the beginning and of being fully financed by other sources, because we do try to find proof that they would not go without our loan. And when we find out that they would go without our loan, we insist that they go without our loan.

MR. VANIK. Would the gentleman yield?

MR. WIDNALL. Just a moment, please. One thing further on that. I had hoped that we would have a full opportunity to obtain witnesses. It is perfectly clear that we don't have the time to get a lot of positional witnesses.

But in connection with the Cuban situation, I would like to state for the record it would be a very good thing to have the State Department testify on this, from the Cuban desk, familiar with the Cuban situation, to see how long this substantial unemployment is going to exist in that area, whether or not it is creating pockets in other sections of the county, whether or not there will be enough Cubans in New York City one of these days so that the New York trade proposes getting money from ARA in order to build their building up there to take care of their needs up there.

We are rather stifled on the minority because we are limited to just 1 day. I won't ask any further questions, Mr. Chairman.

The CHAIRMAN. Mr. Harvey?

Mr. VANIK. Mr. Widnall, would you yield to me for a question?

Mr. HARVEY. I yield.

Mr. VANIK. Mr. Widnall from New Jersey suggested in the earlier part of his statement and in his questions, he suggested that letters might be obtained improperly. If such were the case, wouldn't it be tantamount to a conspiracy to defraud the Federal Government, if such a thing could be proven, because if letters of this type could be obtained, in which a lender would say, "I will not loan" and he is working in conspiracy with a borrower, I think he could be very easily prosecuted under the law.

Mr. WIDNALL. That is true, yes.

Mr. VANIK. If that is true, why not proceed with criminal indictment, if there is any basis for it? I think the Department of Justice ought to know about it. It seems to me such a statement ought to be substantiated.

Mr. WIDNALL. Mr. Vanik, any banking institution would turn down a 4-percent, 25-year loan.

Mr. VANIK. I don't think they would turn it down in agreement with a borrower so he could get an ARA loan. If they did, that would be a violation of law that would involve all persons in conspiracy.

Mr. ROOSEVELT. Plus the fact that GAO audits all of these loans and assures itself that the qualifications set forth in the act have been met.

Mr. HARVEY. Mr. Batt, I can understand your strong feelings—I only have a couple of brief questions—in your colloquy with Mr. Talcott before. You made the statement and I somewhat agree with you, "I resent the implication that all American businessmen misrepresent in their applications to ARA."

Am I correct in quoting you there?

Mr. BATT. That is substantially what I said.

Mr. HARVEY. I jotted down as many words as I could get. But it seems to me that the important thing—

Mr. PEPPER. Would the gentleman please speak a little louder? I want to hear what he has to say.

Mr. HARVEY. Yes. I am sorry there are no mikes here. It seems to me that the important thing is that these statements are self-serving statements on the part of the businessmen, and that they do persuade ARA in whether or not the loan should be granted. Would you not agree with me there? In other words, they are a factor that ARA very definitely takes into consideration.

Mr. BATT. I cannot conceive of American businessmen from these areas—

Mr. HARVEY. You answer is not responsive. You can answer my question and then go on if you want to, but I would like a responsive answer. Is that not one of the very important factors that ARA takes into consideration?

Mr. BATT. The number of jobs?

Mr. HARVEY. Yes.

Mr. BATT. Certainly, it is the most important factor probably.

Mr. HARVEY. And so to that extent at any rate the statement that the businessman makes is self-serving on his part, and it may well decide whether he gets the loan or not.

Mr. ROOSEVELT. I don't think that we are in a position to ever agree that a statement is self-serving. Of course, the businessman is required

to set forth the facts of his application, and he is required to set those forth as honestly as he possibly can.

Now when you can say that the whole application is self-serving, in that sense it gives him an opportunity to start a business which is going to create the jobs which is the purpose of the Congress of the United States, so I think the use of the words "self-serving" is a rather dangerous word.

It can be implied that he is not acting in good faith, and we don't believe that that is the case, plus the fact that his statements are very carefully checked.

Mr. HARVEY. Are they checked after the project is completed as to whether or not that number of persons have actually been hired?

Mr. ROOSEVELT. We have covered that, Congressman, at least two or three times during these hearings.

Mr. BATT. Yes; they are checked, every year.

Mr. HARVEY. I am sorry, I hadn't heard that.

Mr. BATT. You may not have heard it, sir, but we do check it.

Mr. HARVEY. I did not want to dwell on this particularly. I merely noticed the comment there of Mr. Batt earlier.

Just before the beginning of this fiscal year, Mr. Batt, the ARA approved I think a \$24 million project in West Virginia. Am I correct? Actually it was four projects, I believe, and they consisted both of loans and grants, is that correct?

Mr. WILLIAMS. That is correct, sir. I am familiar with those projects.

Mr. HARVEY. What were the actual figures on those, and in what parts of West Virginia were they located?

Mr. WILLIAMS. They were located mostly in southwest West Virginia. The actual figures were slightly in excess of \$22 million.

Mr. HARVEY. And how much of that was in the form of loans and how much was in the form of grants in West Virginia?

Mr. WILLIAMS. I will get that information.

Mr. HARVEY. Can you give it to me approximately right now?

Mr. WILLIAMS. I would guess about three-quarters of it was in the form of loans, and the balance in the form of grants.

Mr. HARVEY. So approximately \$5 million in the form of grants or \$4 or \$5 million in grants?

Mr. WILLIAMS. That would be roughly so; yes, sir.

Mr. HARVEY. And is that exclusively a tourist resort?

Mr. WILLIAMS. Exclusively for tourism, that is correct.

Mr. HARVEY. In one of the write-ups that I read on it, that they were developing a ski slide or ski slides in connection with that West Virginia resort, is that correct?

Mr. WILLIAMS. I believe that one or two of the projects will have ski facilities.

Mr. BATT. This is an effort to make it a year-round project, as was pointed out earlier.

Mr. HARVEY. I have no further questions, thank you.

The CHAIRMAN. Mr. Bolton?

Mr. BOLTON. Mr. Roosevelt, going back to the Miami project of the 1950 declaration of policy by the Congress, and a proclamation by the President, since that time I am sure you are aware that the recognition of the potential trade with South America has greatly increased

within the country, and there have been a number of organizations that have started an effort to establish trade relations and to set up central trade fair locations in the country.

Would you as a representative of the Commerce Department feel that as a Federal Government we should give preference to one port over another port in making such facilities for a trade fair available?

MR. ROOSEVELT. Mr. Bolton, I believe I have tried to make very clear that I am only sketchedly familiar with this particular project. The Department of Commerce has taken no position on it. We would have to have an application. We would have to then review it very carefully. We have no position whatsoever on this particular project.

MR. BOLTON. Thank you, Mr. Secretary.

THE CHAIRMAN. Mr. Bolton, would you yield to me for just a moment?

MR. BOLTON. Gladly, sir.

THE CHAIRMAN. I wonder if we could agree to meet tomorrow morning at 9:30. Mr. Roosevelt says he can't be here. Could you be here, Mr. Batt?

MR. BATT. Yes, sir.

THE CHAIRMAN. And then we can have Mr. Batt here to answer any questions you want to ask, and then after him we will hear Mr. Mitchell, and then we will hear two people from the HEW that you want to hear, and I hope that we can get through by noon tomorrow, but I am not binding you to it because I know you have questions to ask. Would that be satisfactory?

MR. WIDNALL. Could Mr. Mitchell be here?

MR. TAFT. Mr. Mitchell, could you be available at that time?

MR. MITCHELL. Mr. Chairman, if it would be agreeable I don't think it would take me more than 10 minutes to make my presentation, and I could do it if these gentlemen leave now, and be over with it.

THE CHAIRMAN. I know what he said. He said it sincerely, honestly. But my experience teaches me to believe that he could not; although he would get through in the 10 minutes, the questioning would not get through in 10 minutes.

MR. MITCHELL. Mr. Chairman, if you would hear me, I will—

MR. VANIK. Mr. Chairman, I have been here all afternoon. I have been waiting to proceed with this. To start this all over again tomorrow would constitute an imposition on those members who have been sitting through this.

Tomorrow there will be a new batch and a new round. If there is going to be a filibuster, we might as well stay with it and get it over with.

MR. HARVEY. This is not a filibuster. There is no need for him, for the Secretary, to be here. I think that is a reasonable approach.

THE CHAIRMAN. Mr. Widnall goes along with the suggestion. If that is satisfactory, we will meet tomorrow morning in our committee room, 1301, at 9:30, and Mr. Roosevelt will be excused, but Mr. Batt and his associates will be expected to be here.

(Representative Seymour Halpern submitted the following questions to Mr. Roosevelt:)

In your prepared testimony, p. 13, you call for deletion of the amendment prohibiting financial assistance to foreign firms. It would be enlightening to the committee to hear in further detail your reasons for taking this position.

Could you tell them to us? I am specifically interested in hearing comment on the impact of granting assistance to foreign firms under ARA on international balance of payments.

Do you have available estimates of the short- and long-range damage or benefit to the balance-of-payments situation and of the period of time before any long-range improvement stimulated by ARA would take effect?

(The answers supplied by Mr. Royer to the above questions submitted by Congressman Halpern follow in letter dated August 2, 1963:)

THE UNDER SECRETARY OF COMMERCE,
Washington, D.C., August 2, 1963.

HON. WRIGHT PATMAN,
Chairman, Committee on Banking and Currency,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to the questions submitted to me in writing by Representative Seymour Halpern at the close of your committee hearings on S. 1163, the proposed amendments to the Area Redevelopment Act, on July 30, 1963. The questions are as follows:

"In your prepared testimony, page 13, you call for deletion of the amendment prohibiting financial assistance to foreign firms. It would be enlightening to the committee to hear in further detail your reasons for taking this position. Could you tell them to us? I am specifically interested in hearing comment on the impact of granting assistance to foreign firms under ARA on international balance of payments.

"Do you have available estimates of the short- and long-range damage or benefit to the balance-of-payments situation and of the period of time before any long-range improvement stimulated by ARA would take effect?"

As you will note, Representative Halpern's inquiry concerns our reasons for suggesting a modification of the proposed amendment to prohibit assistance to foreign firms, and specifically in relation to the international balance-of-payments question. The balance-of-payments problem has been of great concern to us in the Department of Commerce, not only because of our efforts to increase America's share in the international tourist industry, but also in light of the generous incentives offered to American entrepreneurs and other foreign investors by Western Europe. A whole array of investment incentives is offered by these countries, especially in depressed areas. A few of those being offered to foreign investors in such countries as the United Kingdom and Belgium are the following:

(1) "Free depreciation," under which the industrialist locating a plant in a depressed area can choose his own depreciation rate (if he chooses, he can write off 100 percent of the value of his plant in the first year).

(2) An outright grant of 25 percent on his building costs and an outright 10 percent grant on his machinery and equipment costs.

(3) A 30-percent investment allowance (for tax purposes) on his machinery and equipment and a 15-percent allowance on his factory building.

(4) In Belgium, low interest rates for new plants or plant expansions in depressed areas, which may be as low as 1 percent.

It is clear from the above list that the inducements for new enterprises to be financed by American investors in Western Europe far exceed those available to American investors in our own redevelopment areas. Hence the opportunities for foreign investment have become very attractive for American businessmen, and our balance of payments suffers accordingly. Area Redevelopment Administration's presently authorized financial assistance to foreign investors at best provides only a partial offset to the investment incentives available in Europe, but to the extent that such inducements are effective, our balance-of-payments situation will be improved.

However, since our primary purpose under the Area Redevelopment Act is to increase jobs in areas of persistently high unemployment, rather than to stimulate international commerce, we would expect foreign investors to be treated equally with American businessmen in terms of the incentives provided for location in redevelopment areas. In fact, as I stated in my testimony before the committee, we would urge Area Redevelopment Administration assistance to foreign firms only where the Secretary of Commerce finds that the principal benefits to be derived from the project will be in new job opportunities for American workers.

In answer to Representative Halpern's second question, I must say that we do not have statistical information upon which to base actual estimates of the short- and long-range damage or benefit to the balance-of-payment situation, or of the period of time before any long-range improvement stimulated by Area Redevelopment Act will take effect. The Area Redevelopment Act program has been in operation too short a time, and the concept of Area Redevelopment Administration assistance to foreign firms investing in American redevelopment areas is too new, for reliable projections of the long-term effect of such assistance.

If we can supply any further materials to you in connection with this matter, we will be glad to do so.

Sincerely yours,

JOHN H. ROYER, Jr.,

Deputy to Franklin D. Roosevelt, Jr.

The CHAIRMAN. Without objection, if that is satisfactory, we will stand in recess until 9:30 tomorrow morning.

(Whereupon, at 4:30 p.m., the committee recessed, to reconvene tomorrow, Tuesday, July 30, 1963, at 9:30 a.m. in room 1301.)

AREA REDEVELOPMENT ACT AMENDMENTS

TUESDAY, JULY 30, 1963

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D.C.

The committee met, pursuant to recess, at 9:25 a.m., in room 1301, Longworth House Office Building, Hon. Wright Patman (chairman) presiding.

Present: Representatives Patman, Rains, Multer, Barrett, Mrs. Sullivan, Vanik, Moorhead, Stephens, St Germain, Gonzalez, Pepper, Minish, Hanna, Grabowski, Wilson, White, Kilburn, Widnall, Siler, Fino, Mrs. Dwyer, Halpern, Harvey, Bolton, Brock, Taft, McDade, Lloyd, Talcott, and Clawson.

The CHAIRMAN. The committee will come to order.

Without taking up too much time, I would like to run through the eight amendments, Mr. Batt, and just get your evaluation of them. It will take me just a minute, I hope. I will be as brief as possible.

They are the amendments which the Senate made and I am sure we have the administration's position on these changes. First, in section 5(a) of the act, language has been added to require the Secretary of Labor to provide the facts and data necessary for the designation of urban development areas as distressed areas.

I believe you said you had no objection to this change, that it merely clarifies the Secretary's existing responsibility. Is that correct?

STATEMENT OF WILLIAM L. BATT, JR., AREA REDEVELOPMENT ADMINISTRATOR, ACCOMPANIED BY HAROLD W. WILLIAMS, DEPUTY ADMINISTRATOR, ARA—Resumed

Mr. BATT. Yes.

Mr. KILBURN. Where is that?

The CHAIRMAN. Section 5(a) of the act. Do you have the bill there before you, S. 1163, page 2, line 3. Two, there is a change which makes it possible to designate the Miami area because of a large influx of Cuban refugees.

I believe you said you have no objection to this provision and that if Congress desires to do it, you will cooperate to the best of your ability, is that correct?

Mr. BATT. Yes.

Mr. KILBURN. Wait a minute. I still haven't got that located. You say section 5—is it section 3?

Mr. MULTER. Is that the Patman bill or the Senate bill?

The CHAIRMAN. The Senate bill. Three, section 4(a) of the bill, contains an amendment which would make State Indian reservations eligible for assistance as Federal Indian reservations now are.

I believe you said you have no objection to this but you believe that the committee report should emphasize that only existing State reservations will be eligible, is that correct?

Mr. BATT. Yes, sir.

Mr. KILBURN. Where is that in the bill?

The CHAIRMAN. Page 2, line 18. Four, in section 4(b) of the bill, there is new language which makes more explicit the authority of the Administrator to group two or more contiguous counties or other areas into a single redevelopment area. I believe you said that this amendment has no substantive effect on your present program and you have no objection to it, is that correct?

Mr. BATT. That is correct.

The CHAIRMAN. Five, beginning on line 18 of page 3 of the Senate bill, there is language which would prohibit financial assistance to foreign firms. I believe you said that you are in agreement with the objectives of this amendment but you think the language should be modified to allow industrial undertakings by foreign investors, provided that the U.S. citizens are substantially benefited by the creation of new opportunities, the collection of taxes, and other associated economic activities, is that correct?

Mr. BATT. That is correct.

The CHAIRMAN. Six, another difference between the House bill and Senate bill is that the Senate bill continues ARA's authority to borrow from the Treasury. I believe you indicated that the administration's position on this agreed with the Senate position, but because of restrictions, imposed by the House Appropriations Committee with respect to administrative expenses, you have never been able to use that borrowing authority anyway.

And you indicated, I believe, that you will be happy to abide by whatever decision the Congress makes in resolving this internal jurisdictional dispute, is that correct?

Mr. BATT. Yes, sir.

The CHAIRMAN. Seven, on page 5, of the Senate bill, there is language which would apply the prohibition against assistance in relocating a company to ARA worker retraining. I believe you say that you are in accord with the amendment and, since this has been the clear intent of Congress all along, you have always tried to carry out this amendment, is that correct?

Mr. BATT. Yes, sir.

Mr. MULTER. At that point, Mr. Chairman, is that the amendment that Mrs. Dwyer offered in the committee when we had the bill before us the last time?

Mr. BATT. Mr. Multer, it is very close to it. Mr. Case offered it in the Senate.

The CHAIRMAN. Eight, there is an amendment to the urban renewal program of the Housing and Home Finance Agency, which does not affect the Area Redevelopment Act. I believe that you indicated that we would do better to obtain the opinion of the Housing and Home Finance Administrator on this proposal.

Mr. BATT. Yes, sir.

The CHAIRMAN. It occurs to me if it doesn't affect the Area Redevelopment Act, we should look into the wisdom or desirability of keeping it in this proposal but we can get to that later, in the amendment stage.

All right, Mr. Kilburn, would you like to ask some questions?

Mr. KILBURN. No questions.

The CHAIRMAN. We are delighted to have you back, sir.

Mr. KILBURN. Thank you. It is a good thing I came back here, I think, from what I hear.

The CHAIRMAN. Mr. Multer.

Mr. MULTER. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Widnall.

Mr. WIDNALL. I had just questioned when we finished the last session. I don't believe it is my turn.

The CHAIRMAN. Mr. Barrett.

Mr. BARRETT. I yield.

The CHAIRMAN. Mr. Harvey. Now we are back on the track where we were.

Mr. HARVEY. I am on order to be part of the track.

Mr. Batt, I recall either you or Secretary Roosevelt yesterday making the statement with regard, I think it was, to the fifth amendment, the floor amendment. I believe Mr. Dominick had made it in the Senate, if I am not mistaken.

The remark was, the gist of it was—it doesn't matter where the capital stock ownership of the stock comes from but rather the fact that it creates jobs. As I reflected on that thought last night, I don't think I quite agree with that statement for the reason that it could be very grossly unfair to American businessmen who are not able to avail themselves of 25-year loans at 4 percent to have foreign competitors be able to have the advantage of those loans.

It seems to me that that is where the inequity lies, and I can agree with your statement that we are interested in creating jobs certainly, but I can also understand the position of an American businessman who, as I checked back on my correspondence, one of them has written to me and he commented that we had already rehabilitated Japan after World War II, and he helped pay the cost of that, but now he was revolted at the thought of having to trade workers and to provide a subsidized rate of interest for a Japanese firm coming to this country.

Now, I wonder if you have any comments on that?

Mr. BATT. Mr. Roosevelt's statement on this was that from the point of view of the men out of work, employment and not ownership ought to be the test, particularly where the firm is incorporated in this country and subject to American laws.

Mr. HARVEY. I agree that we are interested in creating jobs but my point is that there is also some inequity to the American businessman.

Mr. BATT. Every American businessman is eligible for the same kind of a loan assuming he would locate a plant in one of these areas.

Mr. HARVEY. Not, of course, if he has the capital himself. I mean, if he is able to go to the bank and pay 6 percent and get a 10-year loan, then he is not eligible for one of your 4 percent, 25-year loans.

Mr. BATT. That is true of any businessman under the act.

Mr. HARVEY. Then there is an inequity between him and the foreign competitor.

Mr. BATT. Well, if the foreign competitor has other sources of capital available he is not eligible either.

Mr. HARVEY. I only had that one thought and I wondered if you agreed with me, if there was such an inequity?

Mr. BATT. I would say that the Congress made quite clear in the terms and conditions of who is eligible for loans, if other sources of capital are available, whatever the origin of the capital, they are not eligible for help under this program.

I think, Mr. Harvey, what is important to remember is that some areas, in the Upper Peninsula of your State, for example, one of our principal problems, your principal problems, is not just a shortage of capital but the shortage of entrepreneurship, of businessmen who are willing to take a risk and invest so many years of their lives and effort in enterprises where the unemployment is so heavy.

I think we have not objected to the amendment, but we have said that we feel that where there are overpowering reasons of employment potential, we think that there ought to be exceptions.

Mr. HARVEY. I don't understand the references to the Upper Peninsula. There is no possibility there of Canadian capital coming in or anything of that sort, is there?

Mr. BATT. Oh, yes.

Mr. HARVEY. In the Upper Peninsula, you mean?

Mr. BATT. Yes, sir.

Mr. HARVEY. Then that is news to me.

Mr. BATT. And this kind of possibility would be—my point is that in areas of heavy unemployment, and among them, the Upper Peninsula of Michigan, one of our principal problems, and this is true in almost every area on the map, is not just lack of capital, but lack of entrepreneurship.

Where this entrepreneurship comes along, we think it is a wonderful thing and helps to make up that deficit.

Mr. HARVEY. I have no further comments, no further questions, Mr. Chairman.

Thank you, Mr. Batt.

The CHAIRMAN. Mr. Gonzalez, would you like to ask some questions?

Mr. GONZALEZ. No, sir; I don't have any questions.

The CHAIRMAN. Mr. Bolton.

Mr. BOLTON. Thank you, sir.

Following Mr. Harvey's line, Mr. Batt, it has been reported that there are representatives of the ARA in foreign countries actively attempting to get foreign firms to come into various depressed areas; is that true?

Mr. BATT. We had one representative make a 2-week survey of Western Europe to see what the potentialities were, that is correct. There are no current representatives, no.

Mr. BOLTON. Referring to the 5(b) areas, could you comment on how many manufacturing plants have gone into 5(b) areas, as a result of ARA grants or loans?

Mr. BATT. I would be happy to get that information for you.

Mr. WILLIAMS. You would distinguish manufacturing plants from other commercial enterprises?

Mr. BOLTON. Yes, I would.

Mr. WILLIAMS. I am afraid we don't have our figures broken down on that basis, but we will be happy to supply them for the record.

Mr. BOLTON. Commercial enterprises, I was trying to exclude tourism and the hotels, frankly, and motels, because my next question was going to be how many of those manufacturing plants or other commercial enterprises or what proportion of them are unionized.

Mr. BATT. We wouldn't have any information on that, Mr. Bolton.

Mr. BOLTON. Let me put the question another way. In how many instances you had comments from unions asking you not to help a particular plant develop in a certain area or go into a certain area because of the nonunion contract which that plant would have?

Mr. WILLIAMS. I am sorry, sir, I didn't understand that question.

Mr. BOLTON. In how many instances have you had contacts from unions, requesting that you do not give assistance to a certain company going into a 5(b) area because it would be a nonunion plant if it went into that area?

Mr. WILLIAMS. There have been a few instances, not more than 10, certainly, but there have been a few where we have received protests from unions, asking us to refrain from helping a particular plant.

Mr. BOLTON. And you also have received protests on the basis that this is an expansion of an industry in an area where that industry is already overproducing, has overproductive capacity, have you not?

Mr. WILLIAMS. Yes, sir, we have.

Mr. BOLTON. Referring to the borrowing ability of these companies that go into these areas, and we had quite a discussion of that yesterday, would you care to comment on what influence the borrowing potential from ARA has on the location of these plants. Do I make my point clear?

Mr. WILLIAMS. Yes. I would think that this has a very, very marked influence.

Mr. BOLTON. In other words, in effect, what you are saying is that the plants probably would not go into these depressed areas unless they were able to get what I would refer to as cheap money?

Mr. BATT. Many of these plants are not branch plants of national concerns. Many of these plants are brandnew enterprises which originated in these areas, and the existence of this source of capital is the catalytic force which makes it possible for them to get started very often.

Mr. BOLTON. But I am now speaking specifically of the location as contrasted to some other locations.

Mr. BATT. I think, Mr. Bolton, in industrial terms, we traditionally think of all of industrial development being branch plants of national concerns. A large part of the projects that you see here are indigenous enterprises started by people from the community, which locate there because of a combination of entrepreneurship and natural resources in the area.

It is not a question of whether they locate here or there. It is a question that they just wouldn't exist if it were not for this capital source.

Mr. BOLTON. Are you indicating then that of the businesses that ARA has helped, that the majority of them are new enterprises started by local people and local entrepreneurs in that area where they settle?

Mr. BATT. There are 3 general categories, new enterprises started by local people in the area where they live, an even larger category of existing companies who expand in the areas of their present location, and then perhaps, the smallest category, branch plants of national concerns.

Mr. WILLIAMS. If I may supply the figure you requested a moment ago, Mr. Bolton, about 100 manufacturing plants in the 5(b) areas.

Mr. BOLTON. Thank you very much, Mr. Williams. As you gentlemen know from many discussions with me, I have tried to support this program as a rifle-shot proposition for chronic, high unemployment, persistent unemployment, and it seemed to me in listening to the discussion on the floor that a great deal of the criticism of the program, as the criticism developed, was caused by the fact that instead of being a rifle-shot proposition, you were attempting to do a far greater job and wider job than the program was established for, and than it was built for, particularly, for example, there was the criticism, and I would like comments from you on this, there was the criticism that half of the public facilities known had been spent on one project in Duluth, Minn.

Would you care to comment on that particular project? Mr. Batt, as I remember—I have not looked at the figures recently—that was eventually designed to create 10 jobs, and the reasoning behind it, of the ARA, that was given for support of the project was that it would help tourism in that area, is that correct?

Mr. BATT. The figures are not correct, Mr. Bolton. The project was a large one. I went back and read the report made by the Stanford Research Institute, where they canvassed the justification for the project, and they came up with a very strong recommendation for it as the basis for a whole growth and expansion of tourism in the northern Minnesota area.

I am satisfied as I have reviewed it that this is a most worthwhile project. I find also that our people only counter the maintenance personnel at the auditorium, which came to something in the order of 22 people, that as I read the Stanford Research report, a much more valid evaluation of the jobs connected with it, that is, all the jobs connected with the events put on at the auditorium, that this will be much closer to 200 jobs than 22.

You cannot just count the janitors as the people who will be employed as a result of that investment, and I am satisfied that that is a very good one.

Mr. BOLTON. I thank you. My time has expired.

Mr. BATT. Let me just, if I may, comment on your previous point about the fact that this has expanded.

The bill that was reported out by this committee in 1959 or 1960 included some 500 rural areas by designation, so that the idea of having rural areas in the bill is not a new one.

Mr. WILLIAMS. I also add one more thing, Mr. Bolton. There is \$3 million of private capital in that Duluth auditorium. It is not all Federal funds at all. Ours is about \$3 million. It is 50-50.

The CHAIRMAN. Mr. Pepper.

Mr. PEPPER. No questions.

The CHAIRMAN. Our arrangement is not exactly as it should be.

Mr. PEPPER. No questions, Mr. Chairman, thank you.

The CHAIRMAN. Mr. Brock.

Mr. BROCK. Mr. Batt, I find myself somewhat confused on this committee periodically. In the last few hearings we have had, they involved the overflow of gold and the balance of payments. We seem to be taking restrictive action to curtail the flow of gold outside of this country, and here in these hearings, we are talking about either restricting or not restricting the Area Redevelopment Act to the use of U.S. citizens, in the Dominick amendment.

Now, let me just pose this to you and let you set your own value. It seems to me we have three alternatives here. We can either open up ARA to any and all, whether they be foreigners or U.S. citizens, or we could take the extreme opposite position of limiting ARA to participation by citizens of this country and helping those within the country. Or perhaps we could take a middle ground and, say, limit ARA availability to only 25 percent of the project cost to someone from outside the continental United States.

Would you make sort of a judgment, if we can use that word, which has been overburdened recently. Can you make a judgment as to which of those alternatives might be the better?

Mr. BATT. Mr. Roosevelt took the position yesterday, which we worked out, which I am most in agreement with, that while we are in harmony with the objective of the amendment to preserve the benefits of the program for the domestic economy and permanent residents of the United States, we believe the language might appropriately be modified to allow industrial undertakings by foreign investors in this country, provided that this country and its citizens are substantially benefited thereby in the creation of job opportunities, collection of taxes, and other associated economic activity.

I would say I think some middle ground is best. What we are after is jobs. This is not a benefit program for business, American or foreign. This is a program for jobs for jobless workers.

Mr. BROCK. I am trying to set a priority as between the desire to maintain the best opportunities that we can for our own business, and also the desire to receive as much gold as we can or dollar input.

Mr. BATT. I would hope that you might accept the suggestion of the Secretary, which is to indicate by language in the committee report or otherwise, that where the Secretary finds that there are great, great benefits from the point of view of employment and putting people back to work, that we can allow this undertaking, not such a blanket denial as the Dominick amendment would provide.

Mr. BROCK. But you would not follow the approach of limiting the participation. You have the criteria as it pertains to the members of jobs rather than the amount of ARA participation in the loans?

Mr. BATT. The dominant factor should be, in our judgment, the approach which provides the most jobs, and we know of a number of cases where this approach would provide the most jobs.

Mr. BROCK. I want to follow up on one other thought we discussed that I didn't quite understand.

When I was talking to you about this amendment to section 5(b), I asked the definition of an economic development area, and I think Mr. Williams gave a definition, but I am still a little confused on it. Take a county like the one in—I believe it is—Kansas, that looks like it only has one county in the entire State from where I sit, or maybe my eyes aren't that good?

Mr. BATT. Your eyes are good.

Mr. BROCK. Is it possible that you can have the six or seven surrounding counties classified under ARA, under this new concept just because they are contiguous?

Mr. WILLIAMS. It is theoretically possible. It was also theoretically possible under the language of the 1961 conference report. But in fact, we have never used that language of the conference report that way, and we wouldn't certainly use it this way.

Mr. BATT. However, Mr. Brock, we are not wedded to this amendment of Mr. Scott's.

Mr. BROCK. I am not wedded to it at all. But I understand your application of it.

Thank you very much. My time has expired.

The CHAIRMAN. Mr. Minish.

Mr. MINISH. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Taft.

Mr. TAFT. Mr. Batt, you recall at the time of the hearings on the House bill, we got into the question of a couple of tissue plants, one in Wisconsin and one in the South. What is the present situation with regard to approval or action on those tissue plant loans that were in discussion? I think there were at least two of them, one at Tomahawk, and one was at Pickens, and another one on which there had been an application.

Mr. WILLIAMS. The second one doesn't ring a bell.

Mr. TAFT. I may have the wrong location. There was a second one in the southern part of the country.

Mr. BATT. Tomahawk was approved. I don't know of any others.

Mr. TAFT. There was an application pending and I presume it had been disposed of in one way or another.

Mr. WILLIAMS. Disposable tissue plants?

Mr. TAFT. Yes.

Mr. BATT. We will be happy to check it out for you.

Mr. WILLIAMS. Do you want just a comment as to whether the two have been approved?

Mr. TAFT. I would like to know whether they have been approved first.

Mr. WILLIAMS. The Tomahawk plant had been approved at the time of the last hearings.

Mr. TAFT. The other one was pending. Has that one been approved?

Mr. WILLIAMS. To my knowledge, no. I will check it and have the information for you.

Mr. TAFT. I would appreciate that. As I recall, the figures—the reason the question came up at that time, and I wondered if the Administration has gone into this further since that time, the reason it came up, as I recall, is that tissue plants generally in the country were operating at 85 percent of capacity, and the question was raised as to whether, under these circumstances, creating new capacity, particularly new—and probably more economic—capacity in the tissue industry, would be something which would create more jobs in this country or actually result in less jobs.

Mr. BATT. I would like to just comment on that, Mr. Taft.

We did look into it and we had, of course, before we approved the loan, we found that this was really a tremendous growth industry, that the industry showed it had 1958 shipments of \$441 million, 1961

of \$517 million for a 3-year gain of 17.6 percent. That our annual shipments on the Tomahaw Paper loan would add \$1.2 million, or 0.2 percent to the 1961 industry shipments.

The employment in the industry is 11,660 and the Tomahawk Paper would add 42. We feel that this would not be a threat to the industry. We feel that the industry is a growth industry and this is evidenced by the fact that, since our discussion, two large major companies have put in enormous expansions, very substantially larger than this in other sections of the United States.

This is one of the best growth industries we have.

Mr. TAFT. Is my figure of 85 percent of capacity incorrect, then?

Mr. BATT. No, sir. I suspect—I would think 85 percent of capacity was a very good operating rate.

Mr. WILLIAMS. Excuse me a second. Statistics for 1962 are 92 percent.

Mr. TAFT. For 1962?

Mr. WILLIAMS. That is right, for the tissue paper industry.

Mr. BATT. For operating capacity.

Mr. TAFT. What is the source of those figures?

Mr. BATT. The census of manufacturing?

Mr. WILLIAMS. We got them from the Department of Commerce, another bureau in the Department of Commerce.

Mr. TAFT. Have you gotten any figures from the industry itself?

Mr. BATT. I am sure they get it from the trade association. This is where they get it.

Mr. WILLIAMS. I will be glad to supply the source for the record, if you would like.

Mr. TAFT. Yes; I would like to have that source because it does seem to conflict with the figure that we have been dealing with, which has been undisputed as far as I know up to this time in all of the considerations of the bill previously.

(The information requested has been submitted as follows:)

U.S. DEPARTMENT OF COMMERCE,
AREA REDEVELOPMENT ADMINISTRATION,
Washington, D.C., August 2, 1963.

HON. WRIGHT PATMAN,
Chairman, House Banking and Currency Committee,
House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: In amplification of my statement before the Banking and Currency Committee on July 29, 1963, that tissue paper production in 1962 was equal to 92 percent of industry production capacity, we have the following information based on data from the American Paper & Pulp Association publication, Capacity 1961-65, Paper and Paperboard, November 1962.

Computation of ratio of tissue paper production to capacity for 1962

[1,000 tons]

Maximum or allout basis:

Capacity at end of 1961	2,586
Capacity at end of 1962	2,727

Capacity midpoint for 1962	2,656
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Tissue paper production in 1962 (or 92 percent of capacity)	2,433
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Historic basis:

Capacity at end of 1961	2,375
Capacity at end of 1962	2,507

Capacity midpoint for 1962	2,441
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Tissue paper production in 1962 (or 100 percent of capacity)	2,433
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The quoted operating figure of 92 percent is conservative for two reasons. One, I quoted tissue paper production capacity at the maximum or allout basis (stated as "that which can be theoretically produced in any one year" by the American Paper & Pulp Association) rather than at the historic basis (stated as "the one traditionally used by the industries" and based on "310 days production per year" by APPA). Two, I have used the midpoint between capacity at the end of 1961 and that at the end of 1962; a more realistic figure would be based on end of 1961 capacity alone since capacity added during the year cannot be efficiently operated on a maximum basis right from the moment it is put in place. Thus, the 92 percent figure is doubly conservative and a more realistic approach could very well state an operating rate of 100 percent.

I further quote from the association's publication, "It is very necessary that these industries have additional capacity beyond average monthly requirements. The monthly demand may fluctuate from a low 80 percent to a high of 120 percent. This substantial variation in demand is caused primarily by seasonal and cyclical trends. Therefore, the mills must necessarily have capacity for peak months far beyond the average month's usage for the year."

Thank you for this opportunity to amplify my statement.

Sincerely yours,

(Signed) H. W. WILLIAMS,
Deputy Administrator.

Mr. BATT. I would say that economically in the steel industry, of course, in Pennsylvania, we think 85 percent is a tremendously high operating rate. It depends so much on the antiquity of the capacity that is included in your 100 percent figure, and it also depends over what period of time you are talking about, but I would think that 85 percent, 90 percent is a very good operating rate.

Mr. TAFT. When you approve a loan application for a new industrial plant of this type, do you go into this question of industry capacity?

Mr. BATT. Certainly, with the help of the business and Defense Services Administration, Department of Commerce, and the Small Business Administration.

Mr. TAFT. I see that my time is up. Are we operating under a 5-minute rule, Mr. Chairman?

The CHAIRMAN. Ten-minute rule after the first 5. You have 5 more.

Mr. TAFT. Mr. Batt, on page 3 of your testimony, you made reference to the town of Hinton and a new city building. Is that as a result of an ARA grant or is that privately or locally financed?

Mr. BATT. ARA, no, never financed that.

Mr. TAFT. They did not finance that city building? How about over on page 4, when you referred to a major hotel restaurant chain planning to build a large establishment in the Blue Stone area. Has that establishment made application for ARA funds?

Mr. BATT. No, it has not.

Mr. TAFT. Mr. Batt, moving on to the questions I discussed yesterday with Mr. Roosevelt in regard to an antidiscrimination provision in the Area Redevelopment Administration Act, would a mandatory provision against the use of Federal funds in the case of discrimination on account of race in any way handicap the operation of your program?

Mr. BATT. Against the use of Federal funds for what purpose?

Mr. TAFT. In any way which would discriminate on account of race? In other words, the amendment that I have been discussing and

offered before and I may offer again, to the effect that no project shall be approved if, in the construction work or in the actual operation of the facilities thereafter, either as public accommodations or as industrial plant with regard to employment, there is discrimination on account of race. Would this in any way handicap the operation of your program?

The CHAIRMAN. Mr. Taft, would you mind reading your amendment so we will know what is in it? Is it the same as the Powell amendment?

Mr. TAFT. In popular phraseology, it is a Powell amendment, Mr. Chairman. I have the wording here that I worked out and I am not sure it will be the final wording.

The CHAIRMAN. I say that because we are acquainted with the Powell amendment. If it is the same, why we would know how to—

Mr. TAFT. I would be very happy to read it, Mr. Chairman.

The CHAIRMAN. Read it, please; yes, sir.

Mr. TAFT. The amendment, as I considered introducing it when we get into executive session, would add a new section to the bill which would state with regard to the various sections of the law which provide for grants that "no construction grants or other assistance shall be extended" under the various sections—

to any business enterprise or other entity unless the owners, partners or executive officers of such enterprise or entity certify that it is the policy of such enterprise or entity to (1) employ persons without regard to race, religious, color or national origin, and (2) provide equal treatment with respect to the facilities, service or accommodations afforded by such enterprise or entity without regard to race, religious, color, or national origin.

And then a section subparagraph:

No construction grants or other assistance shall be extended under section 16 or 17 of the act in or with respect to any redevelopment area unless the Secretary determines that the participants in, or beneficiaries of, such assistance who reside in such area will not be discriminated against on account of race, religion, color, or national origin.

And then a redesignation of the numbered sections.

Would an amendment of that sort in any way jeopardize the operation of any part of the program of the Area Redevelopment Administration?

Mr. BATT. Mr. Taft. This is the first time I have heard the amendment.

Mr. TAFT. It was approximately the same amendment offered by Senator Tower in the Senate and turned down on the floor itself.

Mr. BATT. I would have no way of evaluating the effect on the program unless I had a chance to study the amendment and see how it applied to the applications now on file. Our position the Secretary made quite clear yesterday, the administration's position on this civil rights issue.

We feel it should be handled in the proposals the President has made.

Mr. TAFT. The proposal the President has made, you would agree, you would be left with the authority to approve the use of Federal funds in a discriminatory way if you wished to do so, is that correct?

Mr. BATT. We have no wish to do so.

Mr. TAFT. I would like a responsive answer to that question because I think it is very important. Don't you think that is true?

Mr. BATT. As I understand it, the Secretary read the testimony of the Attorney General, and that was put in there for a purpose to do with national administration, and I will stand on the Secretary's answer.

Mr. TAFT. What about the answer to my question? Isn't the answer "Yes"? If you had to answer that question yes or no, wouldn't you answer "Yes"?

Mr. BATT. I am not familiar with the act.

Mr. TAFT. Wouldn't you have authority to use funds in a discriminatory way if you wished to do so?

Mr. BATT. Under section 6 of the Civil Rights Act?

Mr. TAFT. No, as the law presently stands today, or under section 6, either way. It doesn't change it any in the present situation except it gives you a little bit broader authority, perhaps, under section 6.

But take it the way you put it. Supposing section 6, as proposed, is passed. You would still have the authority to approve the use of Federal funds collected from all of the taxpayers in this country for a discriminatory purpose, if you wished to do so.

Mr. BATT. That is an "iffy" question. I would prefer to see what shape the bill looks like when it comes out. The intention of this obviously is to abolish discrimination in all facilities, not just those financed with ARA funds.

Mr. TAFT. I see that my time has expired. Saved by the bell.

The CHAIRMAN. Mr. Hanna.

Mr. HANNA. Mr. Batt, isn't it true that the Area Redevelopment Act would be subject to any policies, broad policy laws adopted in relation to civil rights? In other words, your agency would be affected as equally or in the same degree as any other agency of the Government within those areas to which the general policy in the law, as it covers civil rights, would apply.

Mr. BATT. Certainly.

Mr. HANNA. It does now so apply, does it not?

Mr. BATT. Certainly.

Mr. HANNA. In accordance with whatever general policy there is. Do you look upon the Area Redevelopment Act as a tool to solve the civil rights problem or a tool to solve the employment problem?

Mr. BATT. It is an economic tool to help provide more jobs.

Mr. HANNA. I know that the gentleman from Ohio is a man of great integrity, and I would therefore assure him that I don't mean to cast any doubts upon his high intentions. But the approach of constantly adding amendments regarding civil rights to various bills reminds me of an unfortunate town attitude toward the poor, young lady whom everybody loves but nobody wants to marry. It seems to me that you were talking, Mr. Brock, about being wedded to an amendment. It seems to me that if we have in fact an honorable intention toward civil rights, we would address ourselves to a bill which would strike at this in a strong, affirmative way that establishes a policy for our Government.

That policy would be carried out by any arm of our Government which was involved in areas to which that policy—

Mr. TAFT. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Will the gentleman yield to Mr. Taft?

Mr. HANNA. I would certainly want Mr. Taft to have his say.

Mr. TAFT. I would just like to ask the gentleman a question. Whether he thinks that title 6, which isn't mandatory but is solely permissive and left in the discretion of the Administrator, is a provision such as he has just described. If it were, perhaps I wouldn't have to be raising these questions.

Mr. HANNA. I would say to the gentleman that if there is any question involving the policy of the United States in relation to this very important question, that that policy should be made clear in a bill that applies across the board to all agencies and whatever activities they might be engaged in, and to the degree that their activities may impinge upon the area of civil rights, that policy ought to be carried out in a uniform way. And to the degree the law doesn't provide for that, then I suggest that we should address ourselves to such a law.

I don't think that a piecemeal approach on individual bills applying to individual activities is an honest approach. I don't think it will bring equity or equality in a problem that certainly demands just that.

Mr. PEPPER. Will the gentleman yield?

Mr. HANNA. Mr. Pepper, I will be glad to yield.

Mr. PEPPER. Isn't the observation of the gentleman all the more pertinent when probably within the next month, this House will have before it this whole question of civil rights and can act upon it, whereas, to put an amendment like that on this particular bill may kill the bill.

Mr. HANNA. I have always tried to be a person that took no pessimistic nor negative viewpoint on things, but I cannot help but feel that, though these amendments are couched in the language of love, the intentions in many instances are not honorable, and I suggest that we provide a vehicle for those persons who might pursue such a course when we adopt an amendment in a particular bill of this sort.

I agree with the gentleman from Florida.

Mr. VANIK. Will the gentleman yield?

Mr. HANNA. Mr. Vanik.

Mr. VANIK. If memory serves me correctly, I think such an amendment was presented in a housing bill in 1949 by Senator Bricker of Ohio, and it was vigorously opposed by the late distinguished Senator Taft on the basis that it would destroy the legislation.

Mr. HANNA. I think that that was probably a sound position taken by Mr. Taft. I think it might be equally sound to those of us who know the temper and the problems of this House, we can't help but feel that that is still a valid position.

I have no further questions.

The CHAIRMAN. Mr. McDade.

Mr. McDADE. Mr. Batt, directing your attention to section 10 of the act as passed.

Mr. BATT. Yes, sir.

Mr. McDADE. This section is to me, Mr. Batt, somewhat vague in purpose and operation. I say this because I am not sure that the policy that is expressed in section 10 is being implemented, and I want your comments as to whether or not you think that this section—I would like for you to discuss first what you believe the purpose of this section to be, and then I would like you to tell me, if you will, how ARA functions within the procurement sections of this bill, and

thirdly, whether or not you think that this section needs to be strengthened in any way to implement the policy that is spelled out here.

Mr. BATT. I would like Mr. Williams to take that on. He has been in charge of that part of the operation, Mr. McDade. I would just like to state historically that this originated some 8 or 9 years ago with a provision which would channel Federal procurement into these areas, and it was gradually watered down until you see the language in section 10.

The chairman knows its history better than I do, but Mr. Williams will be happy to tell you how this is being implemented by us today.

Mr. McDADE. The basic function of it, nevertheless, is a policy directive.

Mr. BATT. To provide information. We are doing more now to provide information to companies in these areas about how to get Government contracts than has ever been done before.

Mr. WILLIAMS. We have what is known as a Federal Procurement Division in our Office of Operations, and we consider the language of section 10 means that we should do everything we can to help businessmen in redevelopment areas equip themselves with information and knowledge and advice on bidding for Federal procurement.

In addition to that, we have tried to use our good office with the procuring agency of the Federal Government, and with the large contractors of the Federal Government, to acquaint them with the importance of providing as much work as possible within the limitations set forth in the law to the redevelopment areas.

Mr. McDADE. If I may interrupt you there, at what stage does ARA enter the proceedings? Are they involved only in these two capacities? One, helping any company that wants to make a Government bid by way of information and any technical assistance; and, two, addressing myself to the second sentence in section 10, having the so-called—having the person who wishes to bid placed on a procurement list?

Mr. WILLIAMS. We involve ourselves in redevelopment areas by visiting the areas and talking with businessmen and acquainting them with the opportunities for defense procurement, and urging them to take the necessary steps to get put on bid lists.

This we do and we are doing more and more of that every day, and we have special people out in the field who do only this, and then they also train our regular field coordinators to do this, and we also have plans to give our local overall economic development committees more information about this so that they can do better work at the local level in this respect.

Now, we also keep in mind that we do not want to duplicate what the Small Business Administration does in this field, and so therefore, we delegate to them a great many of the responsibilities of section 10.

Mr. McDADE. Do you have any liaison with the Office of Emergency Planning under this section?

Mr. WILLIAMS. Yes; we do. Yes; we are on the committee that works on this particular problem, and we meet with them regularly.

As you know, there is an Executive order, DMP-4, which deals with this, and we sit on the committee that considers that order, and review how it is being implemented. May I also say that we have also tried

to be of help to the procurement agencies by furnishing them with information on the capabilities of manufacturers in redevelopment areas.

As you know, the second sentence of section 10 requires that we furnish lists of manufacturers in redevelopment areas desirous of obtaining Federal business.

Mr. McDADE. To whom would you furnish those?

Mr. WILLIAMS. To the procurement officer.

Mr. McDADE. Military and nonmilitary?

Mr. WILLIAMS. That is correct, the Department of Defense, General Services Administration, NASA, and so on.

Mr. McDADE. And Mr. Williams, in that connection, when you furnish these lists, are you urging the people that they ought to implement at this point either the provisions of the Small Business Act or manpower policy No. 4?

Mr. WILLIAMS. DMP-4 is what we urge and call to their attention.

Mr. McDADE. This carries over to DMP-4 even into nonmilitary procurement, does it?

Mr. WILLIAMS. That is correct, but DMP-4, if I recall it correctly, gives a superpreference to the persistent areas, and then next to the areas which are only substantial.

We quickly found out, I may say, that the furnishing of long lists of firms desirous of obtaining Government contracts was not effective.

Mr. McDADE. Were they automatically put on within—were they put on a list for bidders within their capability?

Mr. WILLIAMS. Not when we just furnish a long list, no. That is not done. The problem is not so much with the small procurements, because the Small Business Administration handles that very well. The problem is with the larger procurements. We have found out that there is a great opportunity, if we could develop some kind of information retrieval system so that when a defense contractor or a procurement officer in the Federal Government needed to find sources of supplies for a particular type of thing, if we could give him the service quickly, within a day, giving him the names of firms in redevelopment areas that could provide that particular item of equipment, that we would indeed be fulfilling the real intent of the section.

Mr. McDADE. In section 10, as presently written, you feel it isn't really fulfilling its purpose, that it ought to be beefed up?

Mr. WILLIAMS. As it is presently written, we think it is, and we are doing it, we are setting up such an information retrieval system, and we are beginning to work at it. We think it is going to work very, very well. We are very proud of it.

Mr. McDADE. You don't think that section 10 needs any change in it to implement the policy decision of the executive branch as stated of aiding, through procurement, areas of substantial unemployment?

Mr. WILLIAMS. No, sir, I don't.

Mr. McDADE. Let me ask you this question. Referring to manpower policy No. 4, before a surplus labor area can get any consideration, the contract has to be declared severable, isn't that right?

Mr. WILLIAMS. That is correct.

Mr. McDADE. Does ARA participate in the determination of whether or not a contract shall or shall not be severable?

Mr. WILLIAMS. Only to a very, very brief extent, and only on a few contracts.

Mr. McDADE. Isn't this the nub of the problem though, deciding whether or not a contract is severable?

Mr. WILLIAMS. We don't think so. We really think that the real gains can be made in the larger contracts and in equipping our people to do a better job in bidding and preparing themselves for making bids. By "our people" I mean the manufacturers in redevelopment areas who are desirous of defense contracts.

Mr. McDADE. My time is up. I would like to come back to this.

The CHAIRMAN. Mr. Grabowski?

Mr. GRABOWSKI. No questions, Mr. Chairman.

The CHAIRMAN. Mr. Lloyd?

Mr. LLOYD. Mr. Batt, I like the idea of encouraging the private sector of our economy to take care of our unemployment problem rather than emphasizing the public sector, but I have reservations about this bill.

You have stated that what you are after is jobs, and it is a program for jobless workers, and again that we should follow the approach of going where we can provide the most jobs, and that is the purpose of the program. Yet under this law some rural areas which qualify with only hundreds of unemployed can receive the benefits of this Federal program, where in urban areas where there are tens of thousands of unemployed, they may not come under the formula, and they do not qualify.

I would like to have you comment on the sense of this legislation in that respect.

Mr. BATT. This goes back to the history, too, Mr. Lloyd. This is not an arsenal as someone pointed out this morning. It is a tool. It is a tool concentrating on the problem of area long-term, chronic unemployment, and we have other tools in the arsenal of the fight against unemployment which can help big cities perhaps more, although, of course, Pittsburgh and Detroit and Providence and a number of other sizable cities are eligible for help under this program.

This is aiming primarily at those areas where, if you lost a job because of the concentration of unemployment, because of the percentage of unemployment in this particular area, it is far more difficult to go somewhere else within the same labor market area and get a job. Even though there are larger numbers of unemployed in, let us say, a city with 3-percent unemployment, still when you become unemployed in that city, your chances of reemployment are far, far better than if you live in an area with 20-percent unemployment.

This is the philosophy, I believe, on which this area approach is pinned, and it is only one approach. The Manpower Development and Training Act approach, which was based on the experience in the training sections of this act, is aimed primarily at the problem of what you might call depressed groups in the population as distinct from depressed areas in the country, and that is shooting at the depressed groups' problem which is a large part of the large urban area problem. Where the entire urban area is depressed, then, of course, they are eligible for help under this bill.

I think that you must consider it, however, as only one tool in the kit, other tools being programs like manpower development train-

ing and the President's tax program, which hopefully will lift the level of the water and lift all the boats. All of them have to be considered together and not separately.

Mr. LLOYD. It seems to me what you are saying then is that your objective is to rehabilitate geographic areas.

Mr. BATT. Our objective is to tackle the unemployment problem in areas of longtime, high unemployment. This has been done by every country of Western Europe consistently since the war. It has been done by, of course, the States and the communities concerned. They wanted help and that is why they have come to the Congress, to supplement their efforts.

Mr. LLOYD. I see nothing wrong in the objective. I see much wrong with the mechanics. Let me ask you one other question to clarify my own thinking on the civil rights issue.

In the event that the Congress should pass a civil rights bill, which would prohibit the granting of loans or grants under this program to employers or areas where discrimination existed, would it handicap your program?

Mr. BATT. The administration's position on this is perfectly clear. We are entirely in support of the President's program.

Mr. LLOYD. That is all, Mr. Chairman.

Mr. RAINS. Mr. Wilson is next.

Mr. WILSON. Mr. Batt, one of the greatest criticisms of the program seems to have been the hotel and motel program in various areas.

What would your reaction be if there was a restriction placed on the building of hotels and motels, and they were disallowed?

Mr. BATT. Mr. Wilson, that is one which we would have to study very carefully. Of course, we are only interested in hotels and motels where they are part of a community development program, and they are recommended by the communities themselves.

A number of communities and areas feel very strongly about the importance of tourism projects of particular hotel and motel developments to their areas. I think we would have to analyze that to see what affect it might have.

We had Mr. Stephens of Georgia telling us yesterday about the hopes that they had in the mountain sections of Georgia for a tourism complex which might include some hotels and motels, which do include some hotels and motels. I think as we indicated to Mr. Taft in answer to a question by Mr. Taft, it is about 20 percent of the approvals so far. This would be a big bite. That is, of course, all tourism. I would have to go behind those figures and find out how much of those are hotels and motels and just what it would mean.

Mr. WILSON. Isn't the greatest opportunity for employment in factories or in plants where many people are employed? It just doesn't occur to me that you can employ very many people in this type of an operation in relationship to the unemployment problem. If this 20 percent was utilized in other areas where there is a need for an industry or a need for some type of a manufacturing plant that could hire 100 people instead of maybe 5 or 6 people for the same amount of money spent, wouldn't this be a more reasonable approach to it? Or isn't there any need for this?

Mr. BATT. We don't finance any of the Mom and Pop Hotels with two, three or four employees. We are only interested in the employ-

ment potential, and we would only be interested in those like the one in the Georgia mountain enterprise with 65 employees, in Kentucky one with 150, one of \$150,000 with 16 employees. Here is one with 180, another with 141. We are only interested in these where they are part of an integrated development for tourism with a large number of employees.

However, your question is a very searching one, and I would have to weigh it. Traditionally, of course, we always think of industrial development as a plant, smokestacks, but I think that a number of the communities in their planning are coming to the conclusion that smokestacks are not the only answer. I think of Avery County, N.C., and their overall economic development plan where they thought smokestacks were their answer.

They are up in the Blue Ridge Mountains, and they have concluded now that smokestacks are not their only answer, that is a very small part of their answer—that improved education is a part of it, technical education is a part of it, tourism is a big part of it. So I would really have to check with the applicants concerned who are fighting this battle on the frontlines and find out how much of a sacrifice they feel it would be.

Mr. WILSON. Thank you. That is all.

Mr. RAINS. Mr. Talcott?

Mr. TALCOTT. Mr. Batt, you really don't know a community in the country that really wants just a smokestack type of industry, do you?

Mr. BATT. I don't understand you, Mr. Talcott. I think every community in the country would like a smokestack type of industry.

Mr. TALCOTT. You lead me to believe that the smokestack industry was sought by a lot of people as a solution to their problems. Yet, I don't think you can name a community in the country that really is going out looking for a smokestack industry.

Mr. BATT. Oh, I would differ with you, Mr. Talcott. My business is industrial development.

Mr. TALCOTT. Just name me one, and that is all I want to pursue it.

Mr. BATT. I worked in Toledo for a number of years. All of our effort was to get industrial plants.

Mr. TALCOTT. That is all I wanted to know. Would you call a 50-unit motel a Mom and Pop type of thing? You have granted money for a 50-unit motel. Is that included in your definition of the type of "community development" that you are just talking about?

Mr. BATT. I would have to—if we granted money for it, then it must have employment potential and must be basic to the area, and they must have felt it was basic.

Mr. WILLIAMS. May I add, sir, that the description "50-unit motel" does not exhaust the facilities which are being constructed in conjunction with it. That particular hotel would include dining rooms and meeting facilities, and also shops in connection with it, and this is a standard part of most of the motels that we are associated with.

Mr. TALCOTT. Then it might be wiser for you to describe it better in your activity report schedule, because you call it simply a motel. You don't call it a "motel-restaurant-community center."

You might get more favorable reaction if you did that.

Mr. BATT. That is a good suggestion.

Mr. WILLIAMS. I think that is an excellent idea.

Mr. TALCOTT. Yesterday I was talking off the top of my hat about the efficacies of motels and seasonable tourism, and I didn't know until I went home and read one of my favorite papers, and their editorial said something like this:

Where is everyone this summer? Many vacation hotels are far from fully booked at the peak of season despite the sizzling city heat. Some say business is going to the motels, but the motels which were packing them in several weeks ago have their vacancies, too. Hotel men have said a lot of this is due to overbuilding both hotels and motels. Hotel occupancy was down 52 percent on a nationwide survey.

So aren't you actually contributing to the bankruptcy of many other hotels and motels by this promotion of motels and hotels that you are doing?

Mr. BATT. No, sir.

Mr. WILLIAMS. May I read you from my favorite newspaper, the Wall Street Journal, sir:

A bright business outlook spurs vacations. Some of the fancier resorts increase prices. Vacationing Americans, buoyed by a bright business outlook, are thronging to the Nation's beach resorts, tourist centers, and hidaway retreats. So far this year our business is more than double last year, says Timothy Hull, manager of the Belmont Hotel in Massachusetts' Cape Cod.

Mr. TALCOTT. Is that an ARA motel?

Mr. WILLIAMS. No, sir, but I was just quoting from here to buttress our position.

Mr. TALCOTT. When was it written?

Mr. WILLIAMS. July 25, 1963.

Mr. TALCOTT. From the Wall Street Journal, all right.

Well, there is somewhat of a difference of opinion. If the survey shows they are down 52 percent, I think it might be well to consider Mr. Wilson's suggestion that we get into some other type of business predominantly rather than the hotel and motel business.

Mr. BATT. We are not in the motel business predominantly.

Mr. TALCOTT. 20 percent?

Mr. BATT. It is not predominant by any means.

Mr. TALCOTT. Is there any other type of business that you are more predominantly investing in?

Mr. WILLIAMS. Yes, sir.

Mr. TALCOTT. What?

Mr. WILLIAMS. Food, food processing is higher.

Mr. TALCOTT. What is the percentage of investment in food processing?

Mr. WILLIAMS. We have about 27 projects in food processing as compared with 16 hotel and motel projects.

Mr. TALCOTT. That is a good sign, I think. Do you have any arrangement in the contracts which you sign with the people to whom you give grants or loans prohibiting the assignment of their right, title, interest, or their equity to someone else? Is the donor prevented from assigning his interest to someone else?

Mr. WILLIAMS. I would have to consult with our legal people on that. I think that we try to tie the people in either through a sizable financial investment or through personal guarantees.

Now, I suppose that they could donate their investment to someone else, but they would still be tied in by the personal guarantee. They would still have the responsibility for the project.

Mr. TALCOTT. Do you have any history of financiers or developers specializing in ARA loans building a motel here, building another ARA motel there and then selling their interests?

Mr. WILLIAMS. No, sir.

Mr. TALCOTT. You know of no situation like that?

Mr. WILLIAMS. No, sir.

Mr. TALCOTT. Mr. Batt, can you tell me whether you devote more time to the ARA or to the National Advisory Commission on Farm Labor?

Mr. BATT. More time to the ARA.

Mr. TALCOTT. You may think it is facetious. I would just like to know.

Mr. BATT. I devote more time to the ARA.

Mr. TALCOTT. Again I am pleased with your answer. I have no further questions.

Mr. RAINS. Mr. White?

Mr. WHITE. I have only one question, Mr. Batt.

I would like to know with respect to the chart that you have over here that was prepared, as I see in February 1963, whether there would be any appreciable change in that chart if it were brought up to date, or has it been brought up to date?

Mr. WILLIAMS. There is a later one on the press.

Mr. BATT. There would be relatively few changes. We would have to go through the books. We will try and get an updated version for the report, if you would like it, Mr. White.

Mr. WHITE. I know in my own State I have some counties that have been added to the 5(b) designation. I wondered whether any others have been added to it in other parts of the country.

Mr. BATT. I am sure there have. There have been some added and some taken off.

Mr. WHITE. Some have been removed?

Mr. BATT. Thirty-odd areas which are either removed or on notice that they are going to be removed because of improvement of conditions.

Mr. WHITE. The other thing I would like to say, there have been several remarks concerning hotels and motels, and the percentage has been quoted several times, 20 percent being the amount of ARA investment, total of ARA funds involved.

First of all are there not some counties, Mr. Batt, where you have a chronic unemployment situation where the possibility of other types of investment aren't feasible, isn't this true?

Mr. BATT. Yes.

Mr. WHITE. The need is for something to spur tourism, and these counties aren't readily adaptable to an industrial development, isn't this correct, sir?

Mr. BATT. That is correct, particularly in your part of the country.

Mr. WHITE. I am thinking particularly about my State, and I know the counties. In Bonner County, Idaho, ARA is aiding in a ski area project. There is not the potential for an industrial development in this county that would do the same job that I believe the ARA can do in the Schwietzer Basin development.

And also the point is made here that 20 percent always refers to hotels and motels, but oftentimes recreation is a big percentage of this.

Do you have a breakdown that you could give me as to the percentage of the 20 percent that would be directly applicable to motels and hotels and what would be for other recreational loans?

Mr. WILLIAMS. The percent of our hotel-motel loans to our total of section 6 is 15.7 percent.

Mr. WHITE. Then the remainder would be for other recreational areas, tourism type?

Mr. BATT. Mr. White, I would like to doublecheck this and see if we can subdivide this for you.

Mr. WILLIAMS. This is dollars, 16 percent of all of our dollars in total of our hotel-motel projects alone.

Mr. WHITE. Then the 20-percent figure isn't exactly correct.

Mr. BATT. No, not for just hotels and motels.

Mr. WHITE. I have no further questions, Mr. Chairman.

The CHAIRMAN. Mr. Clawson?

Mr. CLAWSON. Thank you, Mr. Chairman.

Mr. Batt, just to help me understand this problem a little better, yesterday we heard a number of comments in relation to a film that is shown occasionally in connection with the program. I would like to find out just how a program is initiated. Is the inquiry made from the area first, then you send representatives, and does the film become a part of the total explanation of the program? To what extent is there a promotional setup from ARA into a new area that is seeking ARA assistance in alleviating the unemployment problem?

Mr. BATT. We are so thinly staffed, Congressman Clawson, that in point of fact our field people are trying as well as they can to keep up with the requests from local chambers of commerce, local Rotaries and Lions Clubs, local business groups primarily, to explain how the program works.

There are relatively few new areas being added now, but typically, if an area becomes eligible, this is a matter of public notice in the papers, and then the business groups, the industrial development groups primarily, get in touch with our nearest field representative and ask him to come and explain the program, and part of this explanation is this 22-minute film.

This is typically the way it works. However, many other people use it. Chairman Patman uses it in his district, as he explained yesterday, to show around at request. This has been done by labor unions and business groups who want to make the film available to people to show how the program works.

Mr. CLAWSON. Then it isn't used just to promote the program. It is used as an information device, too?

Mr. BATT. It is entirely informational. It is one of the best investments we have ever made.

Mr. CLAWSON. Now, is it primarily the chamber of commerce, service clubs, and organizations of that kind or is it some of the industrial organizations that initiate the request?

Mr. BATT. Both.

Mr. CLAWSON. From a local area?

Mr. BATT. Yes.

Mr. CLAWSON. Then a survey is made after that as to whether or not they would qualify?

Mr. BATT. No, no. Usually they qualify because of a deterioration, perhaps, in their local employment situation. Conceivably a local area could initiate a request if they feel, based on their knowledge, that they should be eligible but haven't been studied by the State bureau of employment security.

However they become eligible, this is one of the informational means, tools, used to tell them how the program works and how they can make use of it.

Mr. CLAWSON. Leading up to this then, I notice that the map of our area, southern California, is all white, and apparently no projects are in process or being considered there at the moment. We mentioned the Los Angeles County area, and some of the problems in connection with the center of Los Angeles County where certainly exists a lot of unemployment. Coming from one of the towns in a district where some of this unemployment laps over into our industrial complexes, in your definition of the economic development area, is there any way this district could qualify? I am wondering if it would take in the entire southern California area or the entire Los Angeles County area.

In the economic development area how confining could we make that definition?

Mr. BATT. I don't believe I follow your question, Congressman.

The CHAIRMAN. Will you speak into the microphone, please, sir.

Mr. CLAWSON. The economic development area seems to be the definition of what would be used for all statistical purposes. Now, how could an area that is in the center of what I would consider an economic development area and has this problem of consistent unemployment and the lack of skills and so on that contribute to it. How could they qualify in this particular location under the definition of this economic development area?

Mr. BATT. I think the Williams' amendment in the Senate tries to get at that by directing the Department of Labor to go below the labor market area concept that they have stuck to pretty much in the past, and see if they can determine what the facts are for smaller areas. We don't know yet what the facts are. The only data we have for this core area of Los Angeles is data that comes from the 1959-1960 census for obviously 1 month of that year, and it is exceedingly difficult to get current data to see whether or not it is eligible.

We are satisfied, there is no doubt, that there is terribly heavy unemployment in downtown Los Angeles and in the core area of Los Angeles, and we hope that under the combination of the Williams' amendment and the language of the House committee report and the use of section 11, technical assistance funds, we can come up by the end of the year with some answers to see how this problem can be met. Quite frankly, it is a tough one. It is not only a statistical problem, it is also a difficult problem to know how you can make most effective use of the tools that are available to meet the particular needs of this kind of an area, which are quite different from the problem of Dunkirk, N.Y., when the plant moves out.

Mr. CLAWSON. This is what I am leading up to. Mr. Lloyd indicated the relative employment in total jobs of the urban area as compared with the rural, and I could, I am sure, take you into one of our unemployment offices or employment offices any morning and show you

more people on unemployment compensation than you could find in a dozen rural areas.

These are the things that we are talking about here in this particular instance.

Mr. BATT. The Congress is, I think, quite wisely evenly dividing the funds between urban and rural areas. You put a ceiling on the amounts in urban and in rural areas.

Mr. CLAWSON. But the populations are no longer divided that way, are they? I am talking about our total population today. It is pretty well urbanized. What are the statistics now, about 70 percent in the urban areas of our total population?

Mr. BATT. Yes. Of course, this is not a rural bill. There are very substantial urban areas eligible for help under the program, the big cities being Providence and Detroit, but this is primarily a city problem in a State like Pennsylvania, and there is a group of cities in northern Minnesota built around iron mining.

Mr. CLAWSON. I notice you do have a number of them that way.

Mr. BATT. They are usually associated with an industry. In Pennsylvania it is coal, railroads, or steel. In northern Minnesota it is all iron mining. In northern Michigan it is iron mining and copper mining and timber.

But the solution is not dissimilar. The solution whether it is a resource problem, resources depleted, or whether it is a cotton and tobacco problem and it is automated, the problem is they all need diversification.

Mr. CLAWSON. Let me ask this next question in connection with that. If we are moving in that direction, what is the proportion of employment, if you have the statistics, in connection with the service industry, as related to the production industry?

Mr. WILLIAMS. Let me say that the charts show that manufacturing employment as a percentage of national employment has been going down and is becoming less than half.

Mr. BATT. About 5 years ago it became less than half.

Mr. WILLIAMS. Whereas, service employment is going up. This is one of the reasons why so many of our loans relatively are in a field which might be considered service.

Mr. CLAWSON. Do you have a breakdown from the ARA activities as to what the ratio is?

Mr. BATT. We have them by industries. We will be happy to classify them for you, which is service and which is manufacturing, and give you a breakdown.

Mr. CLAWSON. I would like the information. My time is up.

(Mr. Batt subsequently submitted the following information for the record:)

BREAKDOWN OF SERVICE VERSUS NONSERVICE INDUSTRIES

Out of 208 industrial and commercial loans approved as of June 30, 1963, a total of 34, or 16 percent of the projects and \$15.3 million, or 21 percent of the dollar amount of loans outstanding were for services and trades as opposed to nonservice industries.

The CHAIRMAN. Mr. Multer?

Mr. MULTER. I would like to make a brief statement to try to clarify the situation with reference to motels and hotels. This is not new to this committee, because back in 1950 or 1951 we found that

the Export-Import Bank was lending substantial sums of money for the building of hotels abroad, and many of us had some qualms about that and raised questions about it.

We went into the question very thoroughly. We find a very analogous situation which justified the building and the lending of money for those hotels just as you find justification for lending money today for hotels and motels.

In addition to the tremendous number of industries and trades, skilled trades that are required to be called upon to build the hotels and to equip them, once the motel or motel is ready for operation, we found that there were in excess of 20 different trades which found permanent jobs in these hotels and motels, and some 75 to 80 percent of those trades were the least skilled, those which lent themselves to ready retraining from other skills and other trades and industries to take jobs in the hotels and motels.

Is that a fairly accurate statement, Mr. Batt?

Mr. BATT. Yes, sir; I would say so.

Mr. MULTER. I think the same thing will be found now with reference to what you are doing with hotels and motels. The same situation prevails. The public image of a hotel is a luxury place where only the wealthy will go.

When you get right down to it, you find it is doing a job for the community, it is supplying work and bringing people from outside the community to that community.

Mr. HARSHA. Would the gentleman yield on that point?

Mr. MULTER. Surely.

Mr. HARSHA. I think there is a valid distinction here between the two programs, and I would just like to point out to the gentleman that, as I understand it, the Export-Import Bank was organized solely for the purpose of eating into the exports of American products, and insofar as we have built motels with Export-Import funds overseas, the loans have been made to enable the shipment of American products overseas, and for that particular purpose.

But these motels and hotels overseas have drawn their patronage from entirely new sources in the countries overseas. That is not the case in America today, and I would point out to the gentleman that what we are arguing is really whether motels and hotels should be built when the existing ones are operating only at 50 to 60 percent capacity today.

That is the problem that we are facing. It is really a transfer of employment from one area to another. When you turn around and build motels in one area for convention purposes or for tourist purposes, you have still got just so many citizens to draw from the patronage for that purpose. Unless you can give all the Americans some ability to increase the patronage in these hotels you aren't going to improve the problem.

I recognize there is an increase in recreational time today, but certainly the building of motels by this Administration in my judgment has gone far beyond what would justify that.

Mr. MULTER. The fact of the matter is that the same situation prevails as to hotels as it does in housing. We are short of housing in the overall picture in the United States. Yet there are certain areas that are overbuilt. There are certain areas that can't rent their

houses because they built too many. Yet overall in the entire picture throughout the United States we don't have enough housing. It is the same situation in the hotel industry. Certain places may have a few too many hotels so they are running at a vacancy rate that seems a little high, but in the overall picture it is not high. And particularly, when they are building hotels in an area where they need them, where they are going to put people in that area to work in addition to attracting people there and giving them facilities that they don't now have.

I go along with the gentleman, if they are going to build another hotel with this money in New York.

The CHAIRMAN. May I suggest to the members one thing, please?

This committee is proud of the fact that we have active participation of each member, and that each one is granted equal time. We have gone around three times, the first time 5 minutes each, and two additional times 10 minutes each. It occurs to me that we have covered practically everything that can be covered.

I hope that we can excuse these witnesses and hear the witnesses that the minority would like to have. I don't see any real purpose in just prolonging it; but if any member insists on asking more questions, we will, of course, yield, because we want our members to be satisfied.

Mr. TALCOTT. I have some more questions.

Mr. HALPERN. I haven't had an opportunity to ask any questions yet.

Mr. WIDNALL. Mr. Halpern hasn't had an opportunity, and I pass.

The CHAIRMAN. Mrs. Dwyer and Mr. Halpern?

Mr. BARRETT. Mr. Chairman, I pass my time, but I would like to—

The CHAIRMAN. Do you want 5 minutes?

Mr. BARRETT. I just want to take enough time to indicate that I have 25 telegrams from the State of Pennsylvania from chambers of commerce and industrial organizations, all in favor of voting this bill out as it is now.

The CHAIRMAN. Without objection, they will be inserted.

(The telegrams referred to follow:)

SCRANTON, PA., July 29, 1963.

HON. WM. A. BARRETT,
Washington D.C.:

You have before you bill H.R. 4996 which is S. 1163 on Area Redevelopment Administration legislation. This bill will further finance important industrial development work made possible by the Area Redevelopment Act. Lackawanna County, which is substantially labor surplus, has made great strides to create jobs through "Operation bootstraps." The Area Redevelopment Act has further helped us through grants to develop our Keystone Industrial Park and made loans to build new industrial buildings for substantial employees of our labor force. We believe this legislation is important in creating jobs especially in areas where there is a chronic labor surplus. We urge your strong support to help solve not only the problems of our region, but of Pennsylvania and the Nation.

JOHN F. DAVIDSON,
President, Scranton Chamber of Commerce.
JOHN F. MURPHY,
President, Scranton Lackawanna Building Co.

POTTSVILLE, PA., July 29, 1963.

WILLIAM A. BARRETT,
Member, House Banking and Currency Committee,
Washington, D.C.:

Greater Pottsville area in Schuylkill County, Pa., identified as persistent labor surplus area respectfully petitions your support for passage of depressed area bill now being considered by your committee. Local citizenry have contributed more than \$1 million for creation of new jobs. Passage of depressed area bill vitally important to continuation of the local effort.

WM. DENNIS,
President of GPIDC.
MATTHEW SHOOK,
Industrial Commissioner.

UNIONTOWN, PA., July 29, 1963.

Representative WILLIAM A. BARRETT,
House Office Building, Washington, D.C.:

We sincerely hope that your committee will find it possible to give favorable consideration to the ARA bill now before you.

FAYETTE COUNTY DEVELOPMENT COUNCIL.
JAMES M. DRISCOLL, President.

TITUSVILLE, PA., July 29, 1963.

Congressman WILLIAM A. BARRETT,
House of Representatives, Washington, D.C.:

Urge support for depressed areas bill now before your committee. Four hundred employees now idle as forge plant here ceases operations. Depressed areas measure may be only means of reopening plant.

WILLIAMS D. STEVENSON,
President, Titusville Industrial Fund, Inc.

BRADDOCK, PA., July 29, 1963.

Congressman WILLIAM A. BARRETT,
House of Representatives, Washington, D.C.:

Urge your strong support of depressed area bill now before your committee.

FRANK HILSMAN,
President of Greater Braddock Chamber of Commerce.

LEHIGHTON, PA., July 29, 1963.

U.S. Congressman WILLIAM BARRETT,
House of Representatives, Washington, D.C.:

Urge your strong support of depressed area bill now before your committee.

WILLIAM G. WARNER,
Chairman, Lehigh Planning Commission.

JIM THORPE, PA., July 29, 1963.

Congressman WILLIAM A. BARRETT,
House of Representatives, Washington, D.C.:

Urge your very strong support of depressed area bill now before your committee.

CHARLES WILDONER, Borough Secretary.

FRANKLIN, PA., July 29, 1963.

Congressman WILLIAM A. BARRETT,
Washington, D.C.:

Urge your very strong support of depressed areas bill now before your committee.

T. W. FOSTER,
President, Venango Industrial Development Corp.

Congressman WM. A. BARRETT,
House of Representatives, Washington, D.C.:

Urge your very strong support of depressed areas bill now before your committee.

JOHN R. SEEL,
President, Allegheny Valley Chamber of Commerce.

Congressman WILLIAM A. BARRETT,
House of Representatives, Washington, D.C.:

Urge your strong support of depressed area bill now before your committee.

LOUIS F. KEOUGH,
President of East Boros Development Corp.

Hon. WILLIAM A. BARRETT,
U.S. House of Representatives, Washington, D.C.:

Strongly urge support H.R. 4996, S. 1163, Area Redevelopment Act, amended as of 1963.

LOUIS SHAFFER,
President, Committee of 100, Inc.

Hon. WILLIAM A. BARRETT,
U.S. House of Representatives, Washington, D.C.:

Strongly urge support H.R. 4996, S. 1163, Area Redevelopment Act, amended as of 1963.

WILLIAM O. SWORD,
President, Greater Wilkes-Barre Industrial Fund, Inc.

Congressman WILLIAM A. BARRETT,
Washington, D.C.:

Urge your very strong support of distressed areas bill now before your committee. It has helped our industrial development.

MALCOLM C. FARROW,
President, Shamokin Area Industrial Corp.
ALFRED F. BUEHLER,
President, Shamokin and Coal Township Chamber of Commerce.

Hon. WILLIAM A. BARRETT,
House of Representatives,
Washington, D.C.:

Urge your very strong support of depressed area bill now before your committee.

EUGENE O'DONNELL,
President, Carbon Schuylkill Industrial Development Corp.

Representative WILLIAM A. BARRETT,
House Currency and Banking Committee,
Washington, D.C.:

Urge your strong support of distressed area bill now before your committee.

DWIGHT C. BAKER,
Tamaqua Industrial Development Enterprise.

JIM THORPE, PA., *July 29, 1963.*

HON. WILLIAM A. BARRETT,
House of Representatives, Washington, D.C.:

Urge your very strong support of depressed area bill now before your committee.

EDGAR A. POE,
Chairman, Carbon County Planning Commission.

HUNTINGDON, PA., *July 29, 1963.*

Congressman WILLIAM A. BARRETT,
House Office Building, Washington, D.C.:

Urge your very strong support of depressed areas bill now before your committee.

W. RAY ISENBERG,
Huntingdon Business and Industry.

HAZLETON, PA., *July 29, 1963.*

Congressman WILLIAM BARRETT,
*House of Representative,
Washington, D.C.*

HON. CONGRESSMAN WILLIAM BARRETT: Strongly urge support ARA under-employed area bill now before your committee. Many vital projects in our area hinge on this program.

This bill will mean excess of 500 new jobs in this area alone. You are free to show this telegram to the other members of the Pennsylvania delegation or other congressional delegations.

This telegram is sent in behalf of the 400 members of the Greater Hazleton Chamber of Commerce, and over 3,000 local citizens who have contributed to CAN DO, by investing over \$2½ million of their money in community rehabilitation.

LOUIS G. FELDMANN,
President, Greater Hazleton Chamber of Commerce.
Dr. EDGAR L. DESSEN,
President, Community Area New Development Organization.

The CHAIRMAN. Regarding these members who feel that they should ask additional questions, we will give them the time that they desire.

I would like to read one telegram here from Titusville, Pa., which I feel is important:

Urge strong support for depressed areas bill now before your committee. Four hundred employees now idle as forge plant here ceases operations. Depressed areas measure may be only means of reopening plant.

WILLIAM D. STEVENSON,
President, Titusville Industrial Fund, Inc.

I believe Mr. Widnall is first.

Mr. WIDNALL. Mr. Batt, the retraining program that you yourself admitted "goofed," I think this was reported in the newspapers, TV and the press showed truthfully that no one had been retrained in the program. Were not weekly reports required from your manager?

Mr. BATT. Mr. Widnall, that first program to get under way in Scranton did, I think, if my memory serves me, undertake to train 20 people. The program at that time was brand new. It was being administered by the local board of education. They apparently did not have the equipment there, they should not have started the program, at this time.

Although they did start the program, their time was not well spent until the equipment arrived. Some of the men dropped out. I think it is well worth knowing, however, that of the 20, approximately 7 completed the program and were placed, and I do not feel that this is any basis for judging the program which since then has retrained 20,000 people.

Mr. WIDNALL. You have not answered my question, Mr. Batt.

Were not weekly reports required from the manager of that program?

Mr. BATT. That program is administered by the board of education. I do not know who——

Mr. WIDNALL. And no reports are required?

Mr. BATT. I am sure reports are required.

Mr. WIDNALL. Are not reports required from anybody until the program is supposedly completed, no progress reports?

Mr. BATT. Yes, I am certain progress reports were required, but in this particular case in the State of Pennsylvania and in the city of Scranton, I do not know what the reports said.

Mr. WIDNALL. From the articles I read in the press and from what I heard in listening to television, the reports of some of the trainees, there must have been some falsification of reports in connection with that program, because no retraining was taking place for weeks.

I would just like to know whether any action has been taken against the managers of that program, because if false statements were made and no action is taken, that could mean that in the administration of the rest of the program, if false statements are made, no action would be taken.

Mr. BATT. I would be happy to check into that.

I know an investigation was undertaken by the FBI. An investigation was undertaken by the State of Pennsylvania, and my understanding was that no malfeasance was found against the Board of Education of Scranton, Pa.

Mr. WIDNALL. Will you put a complete report of that in the record?

Mr. BATT. I will be happy to.

Mr. WIDNALL. Just one other thing.

I believe during the Senate debate, Senator Keating said he had a talk with you on a matter of political announcement of projects and that you have acknowledged procedures with respect to the announcement of programs that they had at least been political in nature and that you had taken steps to correct this. I get this from page 11054 of the June 26 Congressional Record.

Is this a correct statement of your position on the matter?

Mr. BATT. No, sir.

I would be happy to see what the Senator said. I have not read it.

Mr. WIDNALL. Do you feel that the dangling of projects in order to attract votes or congressional votes would also be out of line, and would you sanction such action?

Mr. BATT. The dangling of projects?

Mr. WIDNALL. Of projects.

Mr. BATT. We do not dangle projects, sir. The projects are judged on their merits, and we are delighted to approve them if the projects are valid. We do not dangle projects to get votes.

Mr. WIDNALL. Mr. Batt, I call your attention to a speech you made on June 21, 1963, in Salem, Ind. And let me refresh your recollection, your memory, as to what you said at that time:

That is not the whole story. ARA has applications for eight other Indiana projects. If and when these are approved, they will help create another 1,500 direct and indirect jobs at a Federal investment of \$4.8 million.

I am quoting.

You have all probably read the program suffered a setback last week by a margin of five votes in the House of Representatives. A switch of three votes could have given the program new life. One of them could have been your congressman.

Area Redevelopment Administration Act comes before the Senate next Tuesday, and if they vote for it and your two farsighted Senators Hartke and Bayh place their support, the program may have another chance. Whether the program lives or dies may well depend on whether you people here today can persuade your Congressmen to switch their votes and support the act.

Mr. Batt, what is your justification for not only using the taxpayers' money to go and campaign and lobby for your own agency, but clearly attempt to intimidate a Member of Congress into switching his vote on an issue involving your agency?

Mr. BATT. Sir, I felt that was simply accurate reporting of the arithmetic of the vote of the House, and I think that a switch of three votes would have changed the results, and there is no doubt that the program, the other projects in Indiana, will not be able to be funded unless the result is changed.

Mr. WIDNALL. This is what I would call dangling projects in front of the voters in order to obtain a switch of votes.

Mr. BATT. I would call it accurate reporting, sir.

Mr. WIDNALL. I sincerely believe that they are rather questionable tactics to use, and I do not feel it is becoming for the head of an agency who has self-interest in the perpetuation of that agency to go out into the field and make what amounts to a political speech before the Senate has voted, with the purpose in mind of changing—

Mr. BATT. I had no interest in changing the votes in the Senate. Both the Senate votes from Indiana were pledged to the support of the program.

Mr. WIDNALL. That is all.

The CHAIRMAN. Mrs. Sullivan.

Mrs. SULLIVAN. Just half a minute, Mr. Chairman.

I think most of the committee members know, the provisions of this legislation could not be applied to my congressional district. And I am very thankful that the city in which my congressional district lies is not in a category of a distressed area. However, having seen examples of this legislation put into effect in neighboring towns and throughout the country, I want to state that I am very much in favor of seeing this legislation continued and strengthened to help our other fellow Americans find employment, and I just hope that we can act on this legislation quickly to strengthen it and to continue it.

That is all I have to say, Mr. Chairman.

The CHAIRMAN. Thank you, ma'am. Mrs. Dwyer?

Mrs. DWYER. Thank you, Mr. Chairman.

Mr. Batt, how many areas have been declared in distress under this law?

Mr. BATT. 1,072, Mrs. Dwyer.

Mrs. DWYER. How many areas have received aid to date under this law?

Mr. BATT. 411, Mrs. Dwyer.

Mrs. DWYER. How many industries apart from motels and recreation areas would you estimate have located in distressed areas? Rather than the number, what percentage of industries? Would it be the 27 percent you quoted, or more?

Mr. BATT. You mean the number of companies, or what?

Mrs. DWYER. Yes; industries, outside motels and recreation centers.

Mr. BATT. 354, Mrs. Dwyer.

Mrs. DWYER. 354 industries?

Mr. BATT. Yes.

Mrs. DWYER. Now, in your judgment, Mr. Batt, do you believe some of these industries would have located in healthy areas if it were not for this law?

Mr. BATT. We would have to go into the motivations of every one of these companies, Mrs. Dwyer, but we have tried to make the point that most of these are expansions of companies which are already in these areas or which are new companies starting in these areas.

These are the two largest segments, and I am certain, or relatively certain, that these would not have gone into other areas.

Now, the branch plants of national concerns, some of them may have been influenced by this legislation to go into these areas, that is true.

Mrs. DWYER. In other words, healthy areas have suffered in a sense by industries going into distressed areas under the provisions of this law?

Mr. BATT. No, I would differ with you, Mrs. Dwyer.

The healthy areas have profited because they are the ones who are carrying around the areas of heavy unemployment like an albatross. They are the ones that have to pay the unemployment insurance taxes. They are the ones that have to pay the taxes to support public assistance to carry these enormous percentages of unemployed, and insofar as these unemployed can be put back to work by investments in private industry, this is a reduced burden on the prosperous areas of the United States, and on the businessmen in those areas who pay those taxes.

Mrs. DWYER. Would not the taxes be lower if they came into these healthy areas and reduced the local taxes of the taxpayers?

Mr. BATT. One of the greatest loads on the healthy areas in your State and in mine, particularly in mine, it may not be such a problem in yours, is the fact that they have to, in effect, subsidize the less prosperous areas, and the purpose of this legislation is to take some small proportion of the normal expansion of industry in the United States, which, according to McGraw-Hill, runs into billions of dollars a year, in the area of \$30 billion, and to encourage some small proportion to go into those areas where the people are in surplus.

In this sense it is a great asset to the more prosperous areas of your State and of mine, and of every other State in the Union.

If the businessmen in the prosperous areas can have the load of unemployment insurance taxes, which they pay 100 percent of, reduced by solution of the problem of area unemployment in the United States, which we can do under this act—

Mr. CLAWSON. Will you yield right at this point?

Mrs. DWYER. Yes.

Mr. CLAWSON. Mr. Batt, as a private employer, up until last month my unemployment rates have been increasing consistently for the last 3 years. I do not see where there has been any benefit at all. I am wondering about our area where we have none of these projects. We have not benefited in this area that you are talking about at all. The rate has been going consistently higher.

Mr. BATT. One of the factors, I daresay, sir—you are in southern California?

Mr. CLAWSON. Los Angeles County; that is right.

Mr. BATT. I do not know the history of your Unemployment Insurance Act or your rates, but one of the things in our State where I administered unemployment insurance that was forcing the tax rate up was the cost of carrying these vast sections of the State which were deficit areas, which were just not contributing to the unemployment tax system what they were taking out.

Mr. CLAWSON. When would we see any effect on this then?

Apparently there has been none up to this point, not up until last month anyway.

Mr. BATT. I think you are going to see the effect as the program progresses.

Mrs. DWYER. Mr. Batt, would you say that unemployment insurance rates were higher in New Jersey because of some of the unemployment in south Jersey?

Mr. BATT. Yes.

Mrs. DWYER. And that it would improve because some of the funds have gone into south Jersey under this act?

Mr. BATT. After the unemployment in the eligible areas, both Paterson and south Jersey, is cleared up, it cannot help but improve the position of your unemployment insurance fund.

Mrs. DWYER. Do you believe that Bata Shoe Co. would have gone into a healthy area, being a healthy, wealthy outfit instead of going into Indiana, into a distressed area?

Mr. BATT. I have no knowledge of that without discussing it with the company itself.

This proposal, of course, was put to us by the local development corporation.

Mrs. DWYER. Thank you, Mr. Batt. That will be all.

Mr. MULTER. Mr. Halpern.

Mr. HALPERN. Mr. Batt, under the accelerated public works program, the ARA passes on the projects. I understand projects in other sections of the country have been announced, but none in New York State.

I would like to know the story in regard to New York State.

Mr. BATT. Know what, Mr. Halpern, have been approved?

Mr. HALPERN. Do you want me to repeat the question?

Mr. BATT. Oh, under the public works program?

Mr. HALPERN. Yes, under the accelerated public works program you have to pass on the projects; is that right?

Mr. BATT. Yes.

As I understand, the New York State projects are still being programmed and we are trying to do it a State at a time.

Mr. HALPERN. But none have been announced as of now?

Mr. BATT. That is correct.

Mr. HALPERN. But you do anticipate some in the future?

Mr. BATT. It is just a question of mechanics. That is only for the second appropriation. The entire first appropriation, of course, has been programmed and announced.

Mr. HALPERN. When do you anticipate the announcement of the second appropriation?

Mr. BATT. I do not know, sir, but I will be happy to find out for you and let you know.

Mr. HALPERN. I would like to be notified.

Mr. BATT. It is just a question of mechanics. It is a big State and there are a lot of projects involved.

Mr. HALPERN. Mr. Batt, from listening to statements today, I have the impression that ARA-helped projects are good investments. If the enterprises are such profitable investments, why are ARA loans necessary; that is, why does private capital not see the success potential and come in of its own accord?

Perhaps you can explain this. It seems like an elementary question, but as one who supported ARA, I would like to get a clear picture from the man closest to the administration of the program.

Mr. BATT. If private capital is available, of course we do our best and succeed in many instances, Mr. Halpern, to get private capital involved in the program, and we get out of it all together.

If a particular project can be financed without our help, we try and see that it is financed without our help. Very often, however, the banks and insurance companies come into the program along with us, and the act was changed by your committee and by the Senate some 5 years ago to give them first position and let the Federal Government take second position to give them an added inducement and encouragement to do so.

The banks—in my statement I read some quotations from the president of the First National Bank of Boston yesterday—the banks generally are working with us very closely.

Mr. HALPERN. Mrs. Dwyer raised a good point, and if I may infringe on the question that you asked, Mrs. Dwyer, how can you justify the financing of the Bata Shoe Co. in south Indiana?

Mr. BATT. We made that loan to the local development corporation, which obviously did not have the financing available.

Mr. HALPERN. Wouldn't the Bata Shoe Co. have it?

Mr. BATT. Presumably so, if they had wanted to go that route. But the application to us was made by the Salem Development Corp.

Mr. WILLIAMS. If I may supplement Mr. Batt's answer, in industrial development in this country, many of the areas which have local development corporations attempt to make it feasible for industry or make it attractive for industries to expand their facilities and locate there by the construction of buildings for them, and one of the problems of the areas which have not shared in the economic growth as

much as others is their inability to raise the necessary capital to construct these buildings, and lease them to the companies, and this is the problem in Salem, Ind.

The local people did not have the ability to raise the capital themselves to construct the buildings for lease to Bata. That is one of the reasons that ARA was put into being and one of the services we performed.

Mr. HALPERN. In other words, in the opinion of the administrators of this program, this program would apply only after it has been fully ascertained that private financing is impossible; is that the intent?

Mr. WILLIAMS. Yes, sir.

Mr. HALPERN. My time is up, Mr. Chairman.

Mr. MULTER. Mr. Bolton.

Mr. BOLTON. Thank you, Mr. Chairman.

Mr. BATT. I wonder if you would give us a little briefing on how technical assistance programs are determined.

Who originates them, who decides what ones shall be done and what ones shall not be?

Mr. BATT. I would like Mr. Williams to take a crack at that, Mr. Bolton.

Mr. WILLIAMS. Technical assistance programs are originated either by the local area, or they can be originated by the State development corporation, or they can be originated by someone who has an idea and wants to do the technical assistance.

For instance, a private firm may decide they would like to do some technical assistance, and they come to us with a proposal.

In addition, a university may decide it wants to try and help the State development corporation. We ourselves may originate a technical assistance proposal and check it with the local people to see if they would be interested, or with a group of people.

Now, after the proposal has been formulated, it is reviewed by the agencies in Washington who are concerned and by us, and generally speaking, in most cases after the general ideas of the proposal are put forth, we seek proposals from various sources to tell us how they think it ought to be carried out, and how much it ought to cost, and then we review the various proposals, and our contracting officer, in connection with our technical assistance experts, decides which is the most effective proposal for the cost, and then a contract is let on that basis.

Mr. BATT. A good example, Mr. Bolton, is the Marietta, Ohio, project where, on the basis of the advice of engineers from the Pennsylvania Railroad, they were satisfied that there was a lot of salt under that north shore of the Ohio River, but they could not find the financing to test and make sure. We gave them a technical assistance project, and they used the Pennsylvania Railroad engineers and their advisers, and they found that there is an enormous deposit of salt just east of Marietta and they hope that this will be the basis for a new chemical industry.

Mr. BOLTON. Frankly, in looking over the list of some of the technical research that has been financed by ARA, I have been a little bit appalled at some of the projects that have been engaged in.

Mr. BATT. Any particular ones you would like to talk of?

We have done a beautiful one with Ohio University, to help the surrounding counties there in their industrial development programs, which is working out every well in tying those resources into the program. We think we have uncovered some fine resources with the technical assistance program.

Mr. BOLTON. As you and I have discussed, this is one of the strong parts of the program where used correctly, and in any large program there is bound to be some slippage, I am afraid.

Mr. BATT. We have made some bloopers.

Mr. BOLTON. Just one further question, Mr. Batt.

I understand Atlantic City is an ARA area. Is there now or do you contemplate any project which will provide air conditioning in Atlantic City.

Mr. BATT. No, sir; we do not.

Mr. BOLTON. Thank you.

The CHAIRMAN. Mr. Brock.

Mr. BROCK. Mr. Batt, we were discussing a few minutes ago this aid which you have given to 411 distressed areas.

I recall, I am not sure whether it was in the debate or perhaps in discussion prior to the previous vote on ARA, a charge that was made that of the aid that had been given at that time, 85 percent went into areas which were served by Democratic Congressmen. Is there any such thing like that?

Mr. BATT. We checked into that. I do not recall that figure, Mr. Brock.

Mr. WILLIAMS. Sixty-nine percent of the projects are located in districts which are served by Democratic Members of the House.

I should add, however, that 60 percent of all the districts in the country are served by Democratic members, and 68 percent of those districts which are the poorest districts in the country are served by Democratic members, so it is 68 percent of the districts are eligible and 69 percent of the projects are in those districts.

You can see that there has been no bias.

Mr. BROCK. Can we draw the conclusion that perhaps the leadership in those districts is somewhat culpable in getting them into that position, or are we to assume that you are setting up your program according to the votes you receive?

Mr. WILLIAMS. No, sir.

When a project comes in to us, we look at its economic effect and its financial effect and that is how we judge the project. We do not judge what district it comes from.

Mr. HANNA. Would the gentleman yield at that point?

Mr. BROCK. Certainly.

Mr. HANNA. I cannot help but be reminded of the famous colloquy by the two black crows in which those that go back many years will recall the question was asked, why do black horses eat less than white horses, and the answer, of course, was that there are more white horses. And that appears to be the answer to this particular question.

Mr. WIDNALL. Will the gentleman yield further?

Mr. BROCK. Yes, sir.

MR. WIDNALL. In the Senate debate, it was stated by the junior Senator from New Hampshire in the floor debate on the ARA bill that:

ARA projects and applications were neglected for almost 2 years in New Hampshire.

Then suddenly in the last 9 months, there was a Democratic Governor and a Democratic Senator, actively took place in New Hampshire.

Now, those would be credited to the two Republican Representatives and Congressmen I suppose on your list, but actually, in operation, it seems to have taken place after the election of Democrats on a statewide basis.

MR. BATT. Well, sir, we have a very simple answer to that, and that is, the way they come out of the other end of the horn depends entirely on how they come in to us. We had no applications from New Hampshire.

MR. BROCK. I felt somewhat like I was in the minority here for a long time and maybe I am, but I would hate to be discriminated against too much, and I think that if we could achieve a logical balance, I think it would make the record a little bit clearer.

MR. BATT. Mr. Brock, is that not a pretty logical balance, 1 percent difference between the representation.

MR. BROCK. In my opinion there is a 10-percent difference or 9-percent difference between 69 and 60 percent.

MR. BATT. Sixty-eight and sixty-nine.

You did not understand Mr. Williams' answer. Sixty-eight percent of these—

MR. BROCK. Then you are accepting my judgment as to the leadership in those areas?

MR. BATT. No, I am not.

MR. MULTER. Will the gentleman yield to me at that point?

MR. BROCK. I will be glad to yield.

MR. MULTER. It seems to me that the answer would be that while these distressed areas were under Republican control the Republican officials were not sufficiently interested in coming in and making these applications, but as soon as the Democrats got in, they came in and asked for them.

Is it not a fact, Mr. Batt, that you have to have an entrepreneur who want the project, who puts his own money in; then you must have the local government who wants the project and who will put its own money in, before you ask for any Government money?

MR. BATT. Yes, sir.

MR. MULTER. I think that is the complete answer, and I think it might just as well be said at this time too, Mr. Batt, I think I am correct in saying your family has a background of Republican Party affiliation?

MR. BATT. Yes.

MR. MULTER. I should think that should put this political situation to rest.

MR. VANIK. Will the gentleman yield?

MR. BROCK. Maybe we should congratulate his ancestors.

MR. VANIK. Will the gentleman yield at this point?

MR. BROCK. Sure.

Mr. VANIK. I would like to say I think this is all irrelevant because, if it ended up in two or three districts, it would still meet the national purposes of the act.

I do not think we ought to allocate this program by congressional district, but by established criteria.

I would like to say that I think this program has been handled in just that way. While this program has not offered any benefits to a district such as mine, I have felt that this is an important program which merits the support of the Congress. I would like to say I think Mr. Batt and his assistants have been very, very frank in submitting all information relating to his handling this very difficult and new program.

Mr. Batt, I think you have made mistakes and have admitted them. You have frankly placed the entire program on the table for our full discussion.

Although it may not appear on the surface, but I think most of the members of the committee appreciate the fine public service you have rendered in this job.

Mr. BATT. Thank you, Mr. Vanik.

The CHAIRMAN. We have other members who would like to ask questions, but I hope the committee will bear with me just for 1 minute.

Reference was made a while ago to a housing bill in the Senate on April 20, 1949, when efforts were made to kill it by offering all kinds of amendments.

One of the amendments was offered by reason of the testimony of one Edward G. Brown, who wanted an antidiscrimination provision—Edward G. Brown, director of the National Negro Council—and Senator Capehart introduced an amendment, the so-called Powell amendment, you know, and there were about 19 different amendments offered. That was one of them.

Senator Capehart on page 4797 of the Congressional Record of that date, said:

Who can possibly be against permitting people of all creeds and colors to live in housing which has been constructed by the American taxpayers' money? Who is going to vote against it? Who is against civil rights?

Mr. TAFT. Madam President, will the Senator yield?

(Mr. Capehart yielded to the Senator from Ohio.)

Mr. TAFT. The senior Senator from Ohio is going to vote against the amendment, if the Senator from Indiana wants to know who is going to vote against it.

So he voted against it for the reason he did not believe it belonged in that type of bill.

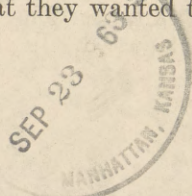
I just wanted to bring that to the attention of the committee because I think it is very important.

Mr. WIDNALL. Mr. Chairman, do you not think any progress has been made in 14 years in the United States?

I think very substantial progress has been made.

The CHAIRMAN. That is not in the direction of progress. That is in the direction of killing bills. The only time this type of amendment has ever been added, it killed the bill. The only time Powell ever won on it was on an education bill that they wanted to use to defeat the bill, and it succeeded.

Now who is next.



Mr. Taft.

Mr. TAFT. Mr. Chairman, I have no further questions of this witness. I am not going to get into a colloquy. I would obviously have to spend a good deal of time checking on the various bills and my father's record, if I worried about this particular aspect of problems. I am going to differ with him many times. I even did sometimes when he was alive. I do not have any further questions.

I am extremely anxious to hear the next witness. While I have some other questions I would like to ask the administration, I think I will waive them at this time.

The CHAIRMAN. Suppose you submit them in writing. Mr. Batt, will you answer them when you look over the transcript?

You may do that without objection, and it is so ordered.

Is that all?

Mr. WILSON. I have just one brief comment in connection with Mr. Brock's statement. I did not get a chance to ask him to yield there.

There are some 14 or 15 Democratic Congressmen in southern California, and the only project that has been granted in southern California is in Congressman Utt's district, so there is certainly no partisanship shown here.

Mr. TALCOTT. There should not be any ARA projects in southern California.

The CHAIRMAN. Mr. Talcott is next and last. I have to leave and Mr. Rains will preside.

I want to ask the next witness some questions. I am sure we will not get through with him by 12 o'clock. Immediately after the Export-Import Bank disagreement has been acted upon, we hope to have another meeting of the committee here this afternoon in this room to see if we can conclude our deliberation on this bill.

We hope to do that, and I hope the members will be available for that purpose.

Mr. KILBURN. Mr. Chairman?

The CHAIRMAN. Yes, Mr. Kilburn.

Mr. KILBURN. One thing baffles me a little.

I do not understand why we are hurrying so much on this bill.

The CHAIRMAN. The day after tomorrow—

Mr. KILBURN. We are not doing anything in the House at all. Why can we not hold hearings on this and why do you have to have an executive session right away quick? Why can we not go on and debate this thing out in committee before we have our executive session?

The CHAIRMAN. The gentleman having been away 2 or 3 weeks—

Mr. KILBURN. That is right.

The CHAIRMAN (continuing). Does not understand that we have a lot of business before this committee and we are doing the best we can.

The day after tomorrow is the first day of August. Normally Congress adjourns before this time. We know if we do not get this bill out, it does not have a chance for enactment. We think it is an attack on the unemployment problem. It will mean jobs. This will mean 2 million jobs, not 250,000 jobs.

Mr. KILBURN. What is the program for this week in the House?

The CHAIRMAN. The program is to try to get this bill out and try and get it passed. Is not the gentleman in favor of helping the unemployed?

Mr. BOLTON. Will the Chairman yield at that point?

The CHAIRMAN. Yes, sir.

Mr. BOLTON. Has an indication been given you by the leadership that we have any more chance of getting this bill to the floor than we have other bills of this committee, such as mass transit?

The CHAIRMAN. It has not been discussed.

Mr. MULTER. It is our first job to get the bills out and then fight about getting them to the floor.

The CHAIRMAN. We spent weeks on this bill. It is the same thing. There is nothing new in it at all. The only thing new is an insistence upon the amendment, the Powell amendment that Mr. Taft has presented.

Mr. BROCK. Mr. Chairman, would you yield at that point?

The CHAIRMAN. Yes, sir.

Mr. BROCK. If there is nothing new, then does it not violate the Rules of the House to bring it out again?

The CHAIRMAN. Of course it does not violate the rules. You could bring it out in identical form if you wanted to under the Rules of the House. There is no barrier to that. There is no point of order on that.

Mr. TALCOTT. Why do we have to have this bill out before mass transit?

Mr. MULTER. Mass transit is out.

The CHAIRMAN. It is in the Rules Committee now and I am for mass transit. But the people who are for mass transit are not helping themselves by fighting everybody else for worthy deserving projects, trying to relieve the unemployment situation.

Mr. RAINS. Mr. Chairman, that question has been asked by Mr. Bolton and two or three more. I do not believe they are for mass transit, but just for your information I would appreciate your helping us get mass transit out.

Mr. TALCOTT. It is up to the leadership.

Mr. RAINS. Mr. Talcott.

Mr. TALCOTT. Thank you, Mr. Chairman.

I would like to ask one question of Mr. Multer, because I did not get a chance when he was explaining about the motels in Europe. He suggested that there were a lot of low-skilled people who worked in motels, and this is probably true. What are these low-skilled people going to do during the 8 or 9 months when the motels are not in operation?

This to me looks like a very serious situation we are imposing upon these unfortunate people.

Mr. MULTER. In the first place, I do not know that we are financing anything that is going to be open only 4 months of the year. These are not resort areas. These are all-year-round hotels and motels as I understand it.

And furthermore, even if that were the fact, is it not worthwhile putting some people to work 4 months of the year who are now out of work 12 months of the year?

Mr. TALCOTT. Certainly. We want to get them working all year round.

Mr. MULTER. Surely we do.

Mr. TALCOTT. But when we give them 2 or 3 months' work knowing they will be unemployed for 9 months, we are doing them a cruel dis-service.

Mr. MULTER. They are 3 months better off than having them on the unemployment and relief rolls all year round and drawing unemployment compensation and relief.

As I understand, these programs that are being approved, they are supposed to give all-year-round employment; is that not so, Mr. Batt?

Mr. BATT. Certainly.

Mr. TALCOTT. Naples, Tex., does not give all-year-round employment.

Mr. BATT. It certainly does.

Mr. TALCOTT. Nor does Kodiak, Alaska. We will have to see about that.

I have some questions.

Thank you very much, Mr. Multer.

Have you found people in some of these areas who complain or are disturbed about the "depressed area" label?

Does not the label "depressed area" have some debilitating effect on some of these areas?

Mr. BATT. Yes, sir. This was not used by the Congress in the act. It is not used by us in any official publications.

The depressed area tag was given it by the press, and I think it is an unfortunate tag from the point of view of the communities involved.

Mr. TALCOTT. I thought you used the phrase too.

Mr. BATT. I am sure that it slipped into our testimony here in our answers, but I think we ought to try and avoid it as much as possible. We call them redevelopment areas.

As a matter of fact, this committee and the Senate committee changed the title of the act some time back, 5 or 6 years, because they wanted to convey the growth idea.

Mr. TALCOTT. I think that there may be some businesses who avoided some of these redevelopment areas.

Mr. BATT. It has not seemed to cut down the applications, Mr. Talcott. We have got far more applications than we can take care of. That is why we are here.

Mr. TALCOTT. Has there been any reduction in unemployment in any of these areas?

Mr. BATT. Oh, yes.

Mr. TALCOTT. Do you have any figures on the reduction of unemployment in some of the areas?

Mr. WILLIAMS. I believe Mr. Rains gave some statistics yesterday about Gadsden, Ala., and the reduction in unemployment there.

Mr. TALCOTT. Are there any others besides Alabama?

Mr. BATT. We have 33 areas which have gone off, either gone off eligibility or on notice that they are becoming ineligible because of improved economic conditions.

Mr. TALCOTT. And you attribute it directly to ARA?

Mr. BATT. Only in part. I think it would be most misleading to say ARA was the sole factor. We would have to evaluate it in each case.

In some cases ARA may have been the deciding factor. I know of a

number of projects where it will be the deciding factor. The Park City, Utah, situation is one where it will be.

Mr. WILLIAMS. Let me quote from a report we received from Cambridge, Md., which has recently been in the news.

There have been three ARA projects there. Employment has reduced the level of joblessness in the county from 24.3 percent to 15.7 percent. Payrolls have jumped by \$4 million annually. Average earnings have increased by nearly \$10 a week. The county's welfare payments have dropped by a quarter of a million dollars a year.

Mr. TALCOTT. I wish we could be more successful in other areas than Cambridge, and more successful in Cambridge in other areas of our socio-economic affairs.

Mr. WILLIAMS. We will, sir, if we can have the increased authorization.

Mr. TALCOTT. That may be the answer.

I would like to ask Mr. Batt how much time he actually spends with the National Advisory Committee on Farm Labor.

Mr. BATT. I have no idea, sir. Perhaps answering a couple of letters a year.

I was invited to join that with Mrs. Roosevelt and others when I was Secretary of Labor and Industry of Pennsylvania and very active in the migrant labor field. My responsibilities do not take me into that field now.

Mr. TALCOTT. Have you ever seen a bracero?

Mr. BATT. Yes, sir; I have.

Mr. TALCOTT. Where?

Mr. BATT. In Texas.

Mr. TALCOTT. And when?

Mr. BATT. Six months ago.

Mr. TALCOTT. What town in Texas.

Mr. VANIK. This is irrelevant.

Mr. TALCOTT. Well, here is a man that spends I think a good deal of his time on bracero matters and not enough on ARA.

Mr. VANIK. I am spending a good deal of my time listening to testimony that is not relevant.

Mr. TALCOTT. So have I.

Mr. ST GERMAIN. Do not compound it.

Mr. TALCOTT. All right, I will not in deference to you.

I have no further questions.

Mr. RAINS. Who is the next witness?

Are we through with these gentlemen?

I want to thank you for a long and arduous ordeal. I think you did very well indeed and we appreciate your wonderful testimony.

Mr. BATT. Thank you, Mr. Chairman.

Mr. PEPPER. I want to associate myself particularly with the statement of commendation Mr. Vanik made about the job that these gentlemen have done.

Mr. RAINS. Thank you very much, gentlemen, and you may be excused.

Mr. BATT. Thank you.

Mr. RAINS. The next witness is Mr. Mitchell.

Come around, Mr. Mitchell. You may identify yourself and proceed.

Do you have a written statement?

STATEMENT OF CLARENCE MITCHELL, DIRECTOR, WASHINGTON
BUREAU OF THE NATIONAL ASSOCIATION FOR THE ADVANCE-
MENT OF COLORED PEOPLE

Mr. MITCHELL. I do not, Mr. Chairman.

My name is Clarence Mitchell. I am director of the Washington bureau of the National Association for the Advancement of Colored People.

I would like to express appreciation to the committee for hearing me, and particularly to the gentleman from Ohio, Mr. Taft, for making this opportunity a practical reality.

I appear here today to urge support of the amendment that he has offered, and in doing so I would like to make it clear that I am blessed with a very long memory, from which I try to discard most of the things that are unpleasant, and in which I try to maintain the things that are constructive.

In that respect, I have an opportunity to pay a tribute here to the living and to the dead. The name of the distinguished Senator from Ohio was mentioned a few minutes ago, and in tribute to him I would like to say that within the confines of my memory I have the picture of him standing on the Senate floor during a very fiery filibuster, and rising for the purpose of offering a petition to invoke cloture to make it possible to vote on the then pending fair employment practice measure.

I also have a recollection of the gentleman from Florida, Mr. Pepper, who, although he came from a Southern State and at a time when many did not look to the South for a redress of grievances in the way that some now do, I recall him standing on the floor defending efforts to try to prevent filibusters, and standing on the floor trying to protect the right of individuals to work and get jobs on the basis of merit.

I will say to you, Mr. Pepper, that it is a wonderful feeling of reassurance, it is a vindication of the American dream, that in spite of the great price that you paid for standing for what you believe in, the American people have seen fit to send you back to this body, and I earnestly hope that your years of service in your country and my country will be long and fruitful.

This amendment which we appear to support is something that is very essential in a program of this kind. I have heard it referred to as the Powell amendment. It has been my responsibility to seek passage of this kind of legislation in the 20 or more years that I have been in Washington, and I will say that long before Mr. Powell was elected to this Congress, we were seeking enactment of this kind of legislation.

I will say that it has been successful in a most crucial piece of legislation, in a piece of legislation which, because it contains this kind of safeguard, has prevented our country from facing some awful embarrassment in national and international affairs, namely, the Selective Service Act.

It just happens that when the Selective Service Act was pending in the Congress, Representative Hamilton Fish was one of those who was an opponent of that legislation. I do not know what his motives were for introducing a nondiscrimination provision, but I do know

he did introduce it. I do know that it became a part of the law. It is now a part of the law, and it has saved thousands of colored people from humiliation and discrimination in the selective service process, because it is a part of the law.

It seems to me absolutely incredible that the Government of the United States would give to private developers money which accounts for approximately 20 percent of the outlay in this program, without some safeguard against racial discrimination. I heard some discussion here indicating that in the mountains of Georgia there will be possibly erected some kind of a motel or hotel for tourist accommodations. I happen to know that in those same mountains in a park which I believe is called the Winfield Scott Park, there are now living accommodations which are supposed to be available for the public.

When some of the white employees of the Federal Reserve System in Atlanta staged a picnic up there, they took along some of the colored employees, not to participate in the recreation but merely to cook some of the meals. There was a whole delegation from the town, sparked by the Ku Klux Klan, which went into that area and forced those people to make the colored employees who had come up merely to serve them go home.

I checked this out further with the State Department and learned that a gentleman from one of the Asiatic countries who happened to look like he was Caucasian, a white person, was accompanied by his wife, who looked like an American Negro. They went into that same park, and somebody spread the word that this was an interracial marriage, and they were forced to leave the area.

We encounter this kind of thing all the time, and it is so safeguard to say that in the State of Michigan or in the State of Minnesota or in the State of Ohio that, because there is a State civil rights law, the Federal Government does not have an obligation to surround these grants with certain protections, because it has been our experience that in spite of these civil rights laws, in many of the resort areas there are people who understand to try to have a white-only policy.

It seems to me it ought to be understood from the beginning if they really are in such need that they are to get help from the Government of the United States, they must recognize that the Government of the United States collects its taxes from all of the people, and because it does, those who receive the benefits of such programs have a duty to serve all of the people of this country.

I thank you very much, Mr. Chairman.

Mr. RAINS. Mr. Mitchell, I notice you lend most of your testimony to hotels and places to stay. Would you feel the need of this amendment if motels, nursing homes and hotels were eliminated in the bill?

Mr. MITCHELL. Part of this amendment is addressed to that, and I would see no reason for that part of the amendment if motels and hotels do not get such assistance.

Mr. RAINS. The question I asked is not to be interpreted that I am thinking of offering an amendment to drop it simply to avoid what you are talking about. That is not my feeling at all.

Mr. MITCHELL. I understand.

Mr. RAINS. But I am very frank to say that I have a little doubt about the wisdom of motels and hotels and nursing homes being in this particular bill, especially after I listened to the debate on the

floor when a similar bill came up once before. I am only speaking my own sentiments about it.

Mr. TAFT. Mr. Chairman, would the gentleman yield for a minute for clarification?

Mr. RAINS. Yes.

Mr. TAFT. The amendment as I read it, I think the witness should understand, does not merely apply to public accommodations. It would also apply to employment of persons in projects which are built or assisted in building by a loan from ARA funds. It relates to employment or any other kind of access to facilities or equal treatment.

Mr. MITCHELL. Yes.

As I understood it with reference to the matters of hotels and motels, obviously if they were dropped this would not be required, but there are two sections to the amendment, one of which deals with employment.

As I understand the present operation of ARA, the construction of any project must be carried on on a nondiscriminatory basis under the administrative regulations.

Mr. RAINS. That is why I asked what is the necessity for the amendment in the event this other is eliminated.

Mr. MITCHELL. I was coming to the next part.

The second question is when a given project has been built, is there then a requirement that the employees of that project be selected on a nondiscriminatory basis?

We raised that question with ARA in connection with the construction of a woolen mill in Beaufort, S.C. We were advised by ARA that it had no power to require that this employer hire people without discrimination after the project was completed.

It does seem to me this is a very serious gap, and it has been our experience that unless such assurance is contained in the program, the unemployed who are white are benefited, the unemployed who are Negroes are not benefited.

It is possible this could be reached by administrative regulation, but as of now the agency has not seen fit to exercise that discretion.

Mr. HANNA. Would the gentleman yield?

Mr. RAINS. Let me ask another question.

Are you for the bill?

Mr. MITCHELL. I am glad you gave me an opportunity to say that, Mr. Chairman, because we as an organization are for the bill.

Mr. RAINS. Are you for the bill without the amendment on it?

Mr. MITCHELL. I would say that question has not arisen, and we have not passed on it in our organization. I can only give you my personal view. If you want that, I will be glad to give it.

Mr. RAINS. Yes, I want it.

Mr. MITCHELL. Stressing the fact that I am not authorized to speak for the organization on this point, because we have not considered it, I would say that I cannot see how this kind of legislation is useful when it is not administered fairly. I heard reference to Cambridge here a few minutes ago.

Mr. RAINS. Wait just a minute. Let me ask you a question.

Would you be against any legislation then that you said was not administered fairly?

You do not just limit it to ARA, do you?

Mr. MITCHELL. I would say we have in some instances faced up to the question because it has arisen specifically about whether we would be for a given bill if it did not contain safeguards, and as an organization we have taken the position that we did not think such a bill should pass.

Mr. RAINS. You, of course, know Mr. Taft is not for the bill and is not going to vote for it, even though the amendment is attached on it?

Mr. MITCHELL. That is not my understanding of his position.

Mr. RAINS. Is that correct?

Mr. TAFT. No, that is not at all the case.

The gentleman will recall on the House floor I offered an amendment to reduce the appropriations involved to the appropriations authorized by the Appropriations Committee. I do not know in what form this bill is going to come up this time. I do not know what the amount of the authorization involved might be. I do not know how many of the Senate amendments might stay in.

No, until I see the bill I do not know what my position on it will be.

Also, I do not know whether the civil rights amendment will be in it.

Mr. RAINS. I do not want to misquote the gentleman, but I have been here a long time and I have seen this happen many times before and I have always observed it was offered by somebody who wanted to kill the bill.

I remember that you did not vote for the bill.

Mr. TAFT. That is correct, because the amendments were not accepted. The civil rights amendment was not offered at that time in the hope that the President's program would come in with a mandatory provision against discrimination in federally assisted programs. It has not come in with any such provision. It has come in with a wishy-washy provision in title VI which leaves it entirely up to the discretion of the President or the administrator of the program as to whether or not federally assisted programs will discriminate or will not discriminate.

Mr. MULTER. Mr. Chairman, may I put a question to the gentleman a little differently?

Mr. RAINS. Yes.

Mr. MULTER. How many Republican votes will you deliver for this bill if we adopt the civil rights amendment?

Mr. TAFT. Mr. Multer, I am sure that depends, as you know, entirely upon what the provisions of the bill are. If you cut it back, if you cut the appropriations back to the present level—

Mr. MULTER. I make the statement, based on my experience that the majority of the Republicans will vote for the civil rights amendment and still vote against the bill no matter how good the bill otherwise is.

Mr. TAFT. It depends on the terms of the bill.

Mr. MINISH. Mr. Chairman, may I put a question?

Mr. RAINS. Yes.

Mr. MINISH. Mr. Taft, you referred earlier to taking the same position that Senator Tower took over in the Senate?

Do you agree with Senator Tower?

Mr. TAFT. I did not say the same position.

Mr. MINISH. The same amendment.

Mr. TAFT. I said the same amendment he put. I do not know what his position is on the bill.

Mr. MINISH. I think you ought to know what his position on the bill was. His position was that he voted against the bill. He said he is putting this in because he knows the bill is going to pass.

Now let me ask you, will you vote for the bill?

You opposed it last time.

Mr. TAFT. I think I have already stated what my position on it is. It depends on what the terms of the bill are.

Mr. MINISH. You do not care to answer?

Mr. WIDNALL. Mr. Chairman, in all fairness, we ought to say how many of you will vote for the bill if there is a civil rights amendment in it.

Mr. MINISH. Let me speak for myself. I will vote for it.

Mr. BARRETT. I do not think there is any doubt.

Mr. MITCHELL. Mr. Chairman, may I say something?

I think I have been placed in an embarrassing position here which I would appreciate an opportunity to correct.

I have not come here to urge passage of this amendment because I wish to cooperate with anybody who wanted to defeat the bill. We do not question the motives of those who offer these amendments. This is a very important principle.

I think the country ought to realize that the issue is this: If this amendment is in the bill, as has been stated, there is very real chance that some Republicans and maybe some Democrats too who do not like the bill on principle will use this as an excuse for voting against it. But it is also a fact that there are many Members of the Congress who come from areas where the race question is exacerbated, and they would rather see their people unemployed, they would rather see public projects not built, they would in effect wreck their communities rather than agree with what seems to be a simple principle, and I think in fairness that ought to be brought out in the discussions.

Mr. RAINS. Mr. Mitchell, one question and then we are going to adjourn.

I do not want you to get the impression that I meant to infer that you were trying to defeat the bill. I asked you the plain question and you said you were not. But I have to say that I do not think this is the place to debate the civil rights bill because it is going to be debated with all opportunities to amend in the very near future.

The only lamp I have to go by is the lamp of experience, and I watched this happen many times. It has always been in an effort to kill the bill.

The committee will be in recess until 2 o'clock.

Mr. KILBURN. Mr. Chairman, did you say 2 o'clock?

Is that whether the House is in session or not?

Mr. RAINS. I was just told by the Chairman to announce it would be then.

Mr. Mitchell, you will return for further questions at 2 o'clock.

(Whereupon, at 12 noon, the committee recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

Present: Representatives Patman (presiding), Rains, Multer, Barrett, Mrs. Sullivan, Reuss, Ashley, Vanik, Moorhead, Stephens, St Germain, Gonzalez, Pepper, Minish, Hanna, Wilson, White, Kilburn, Widnall, Siler, Mrs. Dwyer, Halpern, Harvey, Bolton, Taft, McDade, Lloyd, and Clawson.

The CHAIRMAN. The committee will please come to order.

Mr. C. M. Mitchell will take the stand, please. I believe that Mr. Rains was questioning.

Mr. RAINS. I had finished questioning the witness.

The CHAIRMAN. Next would be Mr. Kilburn.

Mr. KILBURN. I have no questions.

The CHAIRMAN. I want to ask a few questions.

You realize that there are about five international agencies; in the aggregate they have billions of dollars. I refer to the AID, the International Finance Corporation, the Inter-American Development Bank, the Export-Import Bank, and the World Bank.

Now, the first three are 100 percent financed by the United States. They can make all kinds of loans for economic development, depressed area loans, redevelopment loans—in any country of the world outside of the Iron Curtain countries and outside of the United States.

So we have a situation where any of those agencies can go across the Rio Grande to Mexico, or any South American country and make loans exactly like the loans ARA has been qualified to make here in the United States, and even more generous than the ARA can make, but our own people cannot even make an application to any of these five agencies. They would not receive it. We are not eligible. The people of all the other countries are eligible, but we are not.

Do you not think that if we do not set up something here in the United States to help Americans through the ARA, that we are discriminating against our own people?

Do you not agree with that?

STATEMENT OF CLARENCE MITCHELL—Resumed

Mr. MITCHELL. I believe, Mr. Chairman, it is very shortsighted not to help our own people wherever they are, and, as I have said, I think you were out of the room at the time, but I did say that we believe this bill is a good idea if it is fairly administered.

I would like also to say about the foreign aid programs that we have been opposed to the spending of money and making of loans in places like South Africa where they discriminate, and we have a strong feeling about places like Saudi Arabia, where the problem is discrimination against Jews really, and not against Negroes.

The CHAIRMAN. There are no antidiscrimination provisions in any of those laws, of course.

The point is, you are in favor of this particular legislation, are you not?

Mr. MITCHELL. That is correct, Mr. Chairman, with appropriate safeguards.

The CHAIRMAN. And do you not think that in view of all the circumstances that we should not incur the risk of killing a bill like

this, by putting in an amendment that—regardless of its merits or how desirable it is—would probably kill the whole legislation?

Do you not think that we should avoid that risk when we can help so many Americans by putting the bill through as it is?

Mr. MITCHELL. Mr. Chairman, I feel that this is one of the most important aspects of legislation of this kind, making sure that it protects everyone.

I heard your observation this morning about the housing bill.

The CHAIRMAN. That is right.

Mr. MITCHELL. And I would say that if that amendment which at that time was defeated had been adopted, thousands of dollars and hundreds of man-hours would have been saved, because there would not have been a lot of litigation and court costs.

The CHAIRMAN. Of course they knew, the people who were trying to put that amendment in, that it would kill that housing bill. It would have. It would never have become law. They knew that. There are about 18 or 19 Senators who wanted to kill the housing bill; they offered one amendment after another.

Senator Taft, with whom I served across the table on the Joint Economic Committee for 6 years, recognized that immediately and he said, "I am not going to let you use me, on a side issue like that, to kill a deserving housing bill."

So he very quickly and emphatically said he would be against such an amendment for that reason.

It occurs to me that the same logic and reason should apply here, especially in view of our experience. Now, Mr. Powell of New York has offered over a period of many years what is known as the Powell amendment. The amendment being proposed here could be really called the Powell amendment. That is what it is, because Mr. Powell over a long period of time has been introducing it.

Now, I said this morning it was only adopted once. I think it was adopted twice, thinking back over it. I know it was adopted one time by people who were opposed to the education bill to help colleges and universities. They were opposed to it, and they threw that in, not to help the bill, but to kill the bill, just as is being done here.

I do not want to impugn the motives of people who are throwing this in, but if they were enemies of the legislation, it would be effective strategy on their part to throw it in and try to get it adopted, and then kill the bill by it. Now that happened I know once on an education bill.

When we have that experience and we know in the light of what actually occurred, that it would kill this bill, having that knowledge, why should we run the risk of depriving some 2 million people of opportunities to live more decently and have a better standard of living, deprive them just in order to insist upon one amendment that is really not material to this particular legislation and which we know is going to be considered in other legislation as a direct approach, a direct frontal attack?

Mr. MITCHELL. But Mr. Chairman, I guess you recognize that it is very difficult for one to admit that he is not convinced by what you have just said, not only because of the persuasiveness of it, but because of the gracious manner in which you have said it, and I want you to know that in differing, it is with a feeling of real regret, because I

would certainly not wish to be in the position of an unreasonable person.

But there are two things I would like to point out to you.

The first is the term "Powell amendment" has been coined around Congress here for the purpose of trying to cast some opprobrium on amendments of this kind.

The CHAIRMAN. Let me suggest that I think you are mistaken there. It is simply to let Members know what it is. When we say Powell amendment, they all know exactly what it is because of Mr. Powell's long sponsorship.

Mr. MITCHELL. This does not let them know what it is. It gives a distorted picture, and the reason it gives a distorted picture, it gives the impression that Congressman Powell is the father of these amendments.

I am getting ready to mention, and I would like to offer for the record, this excerpt from the Selective Service Act which says that—There shall be no discrimination against any person on account of race or color.

This is a part of the law. And this was offered not only before Mr. Powell was a Member of Congress, but also by a Member of Congress who was opposed to the bill.

The CHAIRMAN. Suppose you extend your remarks on the subject and I will not pursue it further, because my time will run out. The time limit applies to me just the same as to the other members.

Mr. MITCHELL. I was not going to read the whole thing.

The CHAIRMAN. I do want to suggest to you that my whole life has been spent in trying to help all Americans through promoting better economic opportunities for everybody and through giving all Americans a fair chance without special privileges for any. I was the author in the House of the full employment bill, now known as the Employment Act of 1946, committing the Federal Government to policies to promote maximum employment, production and purchasing power for all Americans. Racial friction, I firmly believe, very largely arises from economic conditions, and inadequacy of economic opportunity.

I spent weeks and months of time in getting a bill through the House to pay veterans of World War I—3½ million veterans—their delayed compensation certificates—the so-called soldiers bonus—at a time when these payments helped everybody.

My life has been spent trying to help average people and poor people and the low-income groups. The Robinson-Patman Act is intended for that purpose, to give everybody a better chance to start an independent business and succeed in that business. I certainly do not want to discriminate, to deprive anyone of equality of opportunity, and I am not going to do it.

But I have seen so many instances in Congress during the time I have been here, where people would pursue an idea which they were very conscientious about, and which was right from their standpoint, and I would not criticize them for it. But often times, instead of getting a little bit of something, they get a whole lot of nothing.

So I urge you to consider that and not be a party to stopping this bill by helping people who are not for the bill. Now they are your friends on the rights question. But they are not your friends

on the ARA. You are for this bill. They are not. They are trying to block it. They are trying to kill it. And so I urge you to consider that aspect of the matter.

Mr. MITCHELL. Mr. Chairman, I certainly have thought of everything you say, and I hope it is clear that this is not just a personal position. I would like to offer for the record the resolution of our organization under which I act.

The CHAIRMAN. Without objection, it will be inserted at this point. (The documents referred to follow:)

RESOLUTION PASSED AT THE 53D ANNUAL CONVENTION OF THE NAACP

17. *Federal aid programs*

Federally supported racial discrimination or segregation in any form is unconscionable. We support and urge the adoption in Congress of antisegregation amendments in all legislation for schools, hospitals, recreation, disaster relief, or any other purpose under which the Federal Government will provide grants, loans, technical assistance, or any other type of aid. Even without the help of Congress, the President has broad power under the Constitution to correct many of present practices which permit the use of millions of Federal dollars in the support, maintenance, and extension of racial segregation. We call upon the Chief Executive to direct all agencies that before making loans, grants, or extending assistance to States, localities, or private institutions, they must have written assurance that every facility, program, or activity made possible because of Federal assistance, in whole or in part, shall be available to all without regard to race and without any form of racial segregation whatsoever.

Our wealth and our resources should be pledged to spread educational advantages, relieve the suffering, and succor the victims of storms, floods, or other disasters. This we support. However, we insist that all aid must be available to every citizen without regard to race. No State, city, political subdivision, or any private person should be permitted to use Federal money to build, rebuild, operate, or extend any program, facility, or activity which bars American citizens or visitors from foreign countries on the basis of race.

"(a) The selection of men for training and service under section 3 [section 303 of this Appendix] (other than those who are voluntarily inducted pursuant to this Act) shall be made in an impartial manner under such rules and regulations as the President may prescribe, from the men who are liable for such training and service and who at the time of selection are registered and classified but not deferred or exempted: *Provided*, That in the selection and training of men under this Act, and in the interpretation and execution of the provisions of this Act, there shall be no discrimination against any person on account of race or color: *Provided further*, That in the classification of registrants within the jurisdiction of any local board, the registrants of any particular registration may be classified, in the manner prescribed by and in accordance with rules and regulations prescribed by the President, before, together with, or after the registrants of any prior registration or registrations; and in the selection for induction of persons within the jurisdiction of any local board and within any particular classification, persons who were registered at any particular registration may be selected, in the manner prescribed by and in accordance with rules and regulations prescribed by the President, before, together with, or after persons who were registered at any prior registration or registrations.

"(b) Quotas of men to be inducted for training and service under this Act shall be determined for each State, Territory, and the District of Columbia, and for subdivisions thereof, on the basis of the actual number of men in the several States, Territories, and the District of Columbia, and the subdivisions thereof, who are liable for such training and service but who are not deferred after classification, except that credits shall be given in fixing such quotas for residents of such subdivisions who are in the land and naval forces of the United States on the date fixed for determining such quotas. After such quotas are fixed, credits shall be given in filling such quotas for residents of such subdivisions who subsequently become members of such forces. Until the actual numbers necessary for determining the quotas are known, the quotas may be based on estimates, and subsequent adjustments therein shall be made when such actual numbers are known. All computations under this subsection shall be made in accord-

ance with such rules and regulations as the President may prescribed. (Sept. 16, 1940, 3:06 p.m., E. S. T., ch. 720 § 4, 54 Stat. 887; Dec. 20, 1941, ch. 602, § 3, 55 Stat. 815; June 29, 1946, ch. 522, § 1.60 Stat. 341.)"

The CHAIRMAN. Mr. Widnall.

Mr. WIDNALL. Thank you, Mr. Chairman.

I would like to say at this point that I disagree with our chairman in thinking that this is a side issue. You cannot pick up the paper anywhere in America today without realizing that what we are talking about right now is the major issue in America today, and it is something that everybody in Congress should be willing to face up to and be counted on, and I do not think it should be a matter of expediency in connection with a piece of legislation to say we can forget about it on this legislation.

This bill can be changed in other ways outside of the civil rights area so as to make it very palatable to many who have been in opposition to it.

As one who has offered legislation in the past, to try to help the truly and chronically depressed areas of the United States, and I did this twice under the Eisenhower administration, and also with a substitute bill 2 years ago when it came before the Congress. I believe in this type of help. I believe in manpower retraining. I believe in trying to get business within the area to where there are pockets of unemployment.

But we have objected and objected very, very seriously to this scatter-shot business which has been going on, where \$3 out of every \$5 has been going to pockets not of unemployment, but areas where there is some underemployment.

I think that many of us on the minority side can be very quickly converted to an area redevelopment bill if some other changes are made in the bill that will make it very palatable to all Americans, and I believe that all Americans want to see the areas that truly are unemployed helped, and not get into some of the deals that have taken place in this program.

I appreciate your testimony, your willingness to come before this committee and act as a witness, and I very sincerely want to be helpful. I am sure Mr. Taft and others who support this amendment want to be helpful in an area where we feel no tax dollars should go into this area of public accommodation unless it is open to everybody in America.

Mr. MITCHELL. Thank you.

Mr. WIDNALL. It is time that a halt was called to expediency on legislation here in the U.S. Capitol.

The CHAIRMAN. Is that all, Mr. Widnall?

Mr. WIDNALL. That is all.

The CHAIRMAN. Mr. Multer, we have just—

Mr. MULTER. May I pass for the time being?

The CHAIRMAN. Yes, sir.

Mr. Siler.

Mr. SILER. Mr. Chairman, I am sincerely for this legislation if we get the back-door spending out of it. The reason I am for it is because I am from poor man's country that we call Appalachia. I think it would do us a lot of good. But I am also for this Taft amendment. I call it the Taft amendment, not the Powell amend-

ment, because it does provide for nondiscrimination, so I want to say that I am sincere in believing in this Taft amendment. I believe it will help the legislation. I would like to be for it.

That is all I have.

The CHAIRMAN. Mr. Barrett.

Mr. BARRETT. Mr. Chairman, I have no questions, but I do want to comment on Mr. Mitchell's very fine presentation here this morning and afternoon.

I think coming before this committee without notes as you did indicates that you know the subject very thoroughly, and your presentation was given in a very fine manner. You answered the questions intelligently and very directly. I think you are to be commended.

Mr. MITCHELL. Thank you, Mr. Barrett.

The CHAIRMAN. Mr. Reuss.

Mr. REUSS. Mr. Chairman, just one brief question of Mr. Mitchell.

There has been an effort made in the past in connection with the area redevelopment legislation and no doubt will be made again to eliminate from it the so-called 5(b) section. Those are the rural areas of underemployment.

What is your feeling on the inclusion or exclusion of those rural areas of underemployment?

Mr. MITCHELL. I think, Mr. Reuss, that those are very important areas so far as minority groups are concerned, particularly the Negro group, because we often find changes which result in more mechanization in farming, that we have pockets of unemployed people who cannot get jobs in their area. They must migrate to other places.

I guess you have some of them in Milwaukee who come up from Mississippi, and I think that if we are going to stabilize our population, if we are going to make it possible for people to have a reasonable amount of prosperity, we certainly ought to include areas of that kind.

Mr. REUSS. Then it is your testimony that the rural areas of underemployment happen to be areas which contain a rather large percentage of the total Negro unemployed or underemployed of this country?

Mr. MITCHELL. In the South. As a matter of fact, we brought this to the attention of the Department of Agriculture and the Department of Commerce shortly after this bill was passed, and our reason for bringing it to their attention was, we found that in the committees which were set up in the cities that were located near or in these areas, there was no consideration given to the fact that sometimes 30 to 60 percent of the population was colored. The committee would be an entirely white committee, and it was our belief that if they wanted to do a constructive job, it would be necessary to make the committees more representative.

Mr. REUSS. Thank you.

The CHAIRMAN. Mr. Harvey.

Mr. HARVEY. Thank you, Mr. Chairman.

Mr. Mitchell, I just want to say that I was a little surprised a few minutes ago to hear the chairman say that these people on this side of the table here were your friends on the bill, and I would want you to know, sir, that as far as I personally am concerned, that it is not just this bill.

I was one of the 30 Republicans who also introduced civil rights legislation early at the start of this session, and I do not know what the ultimate civil rights bill as it is reported out of the committees will be, but I would be very surprised if I personally did not support whatever bill was reported out, and I would expect to be your friend on that bill as well.

I do not know how much of the testimony that you were here for yesterday, but I told the members of the committee and Secretary Roosevelt and Mr. Batt that in the State of Michigan in the last year that of the \$5.7 million of so-called industrial loan money that had been put into Michigan, some 92 percent of it went into new motels, not only in the city of Detroit but stretching all the way up our coastline along Lake Huron on up through the Straits of Mackinaw and to the border of Canada, and I can tell you, sir, that I know of persons in my district who are Negroes who have been turned down at motels in the State of Michigan as well as in the State of Georgia.

I just make that comment and I say it because I think that the Taft amendment as it applies to this bill, and particularly where the administration sees fit to put as much as 92 percent of so-called industrial loan money into motels, is certainly a very pertinent amendment indeed in both as far as I am concerned.

Mr. MITCHELL. I had the good fortune to be here yesterday, Mr. Harvey, when you made your observation, and I certainly agree with you as a former resident of the State of Minnesota, where we have had that problem of persons going to resort areas, in spite of the fact that there is a civil rights law in the State, but nevertheless being discriminated against. And in my lifetime in New Jersey, I have had the experience even in Atlantic City—it does not happen any more, but I have had the experience—on the public beaches of Atlantic City, being threatened with arrest because I was in a section which was supposed to be an all-white section.

Even now there is pending in the State of Mississippi a suit by the Government of the United States against Biloxi, because, although there was an agreement in the contract between the Government and the locality that the beach would forever be open to the public, nevertheless, the local owners of hotels, acting in concert with the city officials, have undertaken to bar colored people from those beaches, and in effect attempting to segregate the whole Gulf of Mexico.

Well, this is a thing which we must not tolerate. This also gives me the opportunity to correct a statement I made this morning.

I referred to a park in Georgia as the Sam Smith Park. I brought along with me the correspondence. It is the General Winfield Scott Park, and I also brought along a clipping from the Baltimore Sun which detailed the occurrence that I referred to, which was that white employees of the Federal Reserve bank attempted to use that park. They took some colored people with them to work for them, and the local townspeople, backed up by the Ku Klux Klan, chased them out.

Now, if this happens in a park which is now supposed to be open, what can we expect if there is built under this program a motel in those mountains of Georgia without any requirement that it be open to all without regard to race?

I would say that with regard to the question of friendship, we have a pretty good measuring rod of our own by which we make determina-

tions of who are the people who are our friends, and I am happy to say that as I look at that side I know from past experience that there are many friends there. We have friends on both sides, and we are grateful for all of them.

Mr. HARVEY. Thank you for your comments, Mr. Mitchell.

I have no further questions, Mr. Chairman.

The CHAIRMAN. Yes, sir.

Mrs. Sullivan.

Mrs. SULLIVAN. No questions.

Mr. RAINS. Mr. Chairman, could I ask the gentleman from Michigan a question.

Would you be in favor of an amendment to cut out all hotels, motels, and nursing homes?

Mr. HARVEY. I think it would be a proper amendment.

The CHAIRMAN. Would that not solve most of your objections?

Mr. HARVEY. I do not think it would solve the civil rights question. I would yield to Mr. Taft when he said earlier that it goes beyond that.

The CHAIRMAN. We will go to the other side.

Mr. Bolton.

Mr. BOLTON. I would like to compliment you, Mr. Mitchell, and associate myself with Mr. Barrett's remarks.

It has been a pleasure to have you before the committee.

I would also like to raise some question regarding the chairman's remarks, not his remarks but his conclusions.

It has often been said that this amendment would defeat the bill, or an amendment of this type would defeat the bill regardless of what the bill was, and this raises two questions in my mind.

No. 1, if this is true, how do those who make this contention take this position that we will have a bill through this Congress?

And secondly, I cannot help making the point that under the bill, as I understand it, the individual's rights can be protected by law, yes, but it involves legal action. This is an administrative ruling which involves the pocketbook, and sometimes the pocketbook measure is a much more strong and definite way of attacking a solution than it is through a court action.

Therefore, I cannot help associating myself very strongly with the amendment which Mr. Taft proposes to introduce, even though, as many of the gentlemen on the other side know, that I will be opposed to this legislation unless there is an amendment which I offer adopted, and apparently the chances for that are very slight.

Thank you, Mr. Chairman.

The CHAIRMAN. Yes, sir.

Mr. MULTER. Will the gentleman yield?

My understanding is that your position is, unless this amendment is adopted, you will vote against this bill even though it has the civil rights amendment in it?

Mr. BOLTON. That is correct, exactly the same position that I took on the bill that came to the floor when debate was cut off in the unprecedented 4-minute discussion with no debate under a teller vote in committee, and we are not permitted to debate the amendment to the House bill.

Mr. MULTER. I appreciate your frankness. I wish many others on your side would be just as frank in saying no matter how we amend the bill, unless it satisfied them or had their amendments incorporated in it, they will vote against this bill even if it has the civil rights amendment in it.

The CHAIRMAN. Mr. Vanik.

Mr. VANIK. Thank you, Mr. Chairman.

Mr. Mitchell, am I correct in believing that President Kennedy's civil rights bill, if passed in substantially the form in which it has been submitted, embraces among many other things all of the language comprehended by this amendment?

Mr. MITCHELL. I would not know whether it would embrace all the language, but it certainly embraces the intent with regard to motels and restaurants and hotels.

Mr. VANIK. Now, as a practical matter, if the adoption of this amendment would for practical purposes kill this bill either in this committee or before the Rules Committee, would you still urge the adoption of this amendment in committee, or would you feel that we ought to do it on the floor after it has cleared the Rules Committee, so that the House can work its will on this amendment, and so that the purity of the amendment that is submitted before the Congress, before the House, can be submitted to the consideration of its full membership?

Mr. MITCHELL. Mr. Vanik, we do not concede that the adoption of this amendment would kill the bill, but I will say that in whatever way through the workings of Congress it is possible to get the bill and the amendment, it seems to me that would be the ideal solution.

Mr. VANIK. You leave that to the discretion and you certainly feel that ought to be left to the discretion of those people who are thinking in terms of both the bill and the civil rights of all Americans?

Mr. MITCHELL. Well, we would certainly hope that that would be the case, of course.

Mr. VANIK. Now, I concur in the position you make that we should not with the aid of Federal money aid or assist in the construction of segregated facilities anywhere in the country, and if, as has been suggested, we take out accommodations from this bill entirely, I feel that there are sufficient other reasons to do it, because the weakest area of participation by the Area Redevelopment Administration has been this participation in the construction of motels and hotels.

I deplore this kind of activity by the ARA. I do not think it has helped the program. I think that it involves the expenditure of money that is not related sufficiently to the jobs that are created, and I am among those that feel that ARA has no business and never had any business in the construction of motels and hotels.

I was quite shocked about the construction of a hotel in the city of Detroit to help the convention business for that city. I think that that was a bad participation by ARA.

However, I feel that it is nevertheless an important program, and as we improve it by eliminating the investment and participation in accommodations, I think we make a better bill of it, because it will spread the effect of this program into the more effective job-creating areas.

Now if we take out the accommodations entirely in this bill, does that not substantially take care of the problem that is raised by this issue of some segregated construction by ARA?

Mr. MITCHELL. As I indicated this morning, Mr. Vanik, we believe that this problem of discrimination by persons who receive loans and grants is susceptible to administrative correction.

Mr. VANIK. Yes.

Mr. MITCHELL. I hope very much that the members will take time to look at the language of the resolution that I have submitted on behalf of our organization, because it recognizes that the legislative branch and the executive branch have equal responsibility to do something about this.

I would think that if the portion dealing with the hotels and motels were eliminated, certainly the executive branch would have a duty to try to correct the kind of problem that we have raised in South Carolina.

Mr. VANIK. The Buford case?

Mr. MITCHELL. Which is not unique. I happen to have documentation on that. This is why I brought it along.

Mr. VANIK. And in your opinion there is authority, sufficient authority to reach this administratively?

Mr. MITCHELL. That is true, but the agency takes this position, that is set forth in its letter of April 12, 1963, in which they say, in response to our inquiry:

As you know, Congress, in authorizing our loan program for commercial and industrial projects, did not indicate an intention with regard to the employment practices of private borrowers.

In other words, they take the position that since you did not tell them to do anything about it, they will not.

Mr. VANIK. They do not have to act on it. But as far as authority is concerned, they do not need any more legislation to put such effective administrative regulations into effect.

Mr. MITCHELL. We contend that, but they do not admit it.

Mr. VANIK. I agree with your position. I think there is administrative authority that has not been fully utilized to bring about this desirable goal.

I certainly will lend every effort I can to see that the administration moves properly and quickly in that direction.

Mr. MITCHELL. I just hope I have made myself clear that—I should not say I, we as an organization take the position that if the executive branch does not do it, Congress ought to do it, and if Congress does not do it, the executive branch should do it.

We feel that each branch of government has a responsibility in this, and each so far has evaded that responsibility.

Mr. VANIK. I want to say this: that if this bill, if the accommodations features are not removed from this bill, I cannot go along with it, because I feel that it not only would permit discriminatory building, but it would also permit a, what I might say, usurpation of ARA funds in an area in which I do not think they are going to produce the jobs that this program intends that they should.

I think there are jobs created in the construction of these facilities and that very few people are going to work in the management or the operation of them after they are constructed. I think that

the ARA activities should be concentrated in those areas where it can produce a maximum of constant jobs over a long period of time and for the greatest possible number of people.

I thank the gentleman.

The CHAIRMAN. Mr. Taft.

Mr. TAFT. Mr. Mitchell, may I first thank you and your organization for your appearance here today. We certainly appreciate it.

Mr. Mitchell, what do you think the effect today would have been if, say, during the last 20 years Congress in every federally assisted program consisting of Federal funds in particular programs for the States or wholly Federal programs had included antidiscrimination clauses in such legislation?

Mr. MITCHELL. The effect would have been that we would not now, 100 years after emancipation, be confronted with divisive problems in the area of race relations.

I think all of these problems that now confront us would not be problems if we had done as we did, for example, in some of the land-grant college acts, insist that there be no discrimination, because once discrimination is permitted it has an effect of expanding and spreading ignorance, spreading privation, and these of course are the parents of the racial discord with which our country is now troubled.

Mr. TAFT. Do you not think that this is a proper approach to attempting to solve the problems of discrimination, to put an antidiscrimination provision into the federally assisted programs individually?

Mr. MITCHELL. Not only do I have an unshakable personal conviction on that, but this is the position of our organization as set forth in that resolution. It is a position not lightly arrived at. These were people from all over the country who debated this issue, who took into consideration the question of whether, if Federal aid to education is killed because of this, does this mean that our children do not have schools.

They took into consideration the question, if housing is killed by this, do we not have housing?

In other words, they seriously considered all of the possibilities, and they adopted unanimously this resolution.

Mr. TAFT. Now, Mr. Mitchell, do you understand that title VI of the President's civil rights proposal as presently introduced is a discretionary bill which gives to the administrator or to the President the discretion to deny funds in federally assisted programs in order to prevent discrimination, but also, on the other hand, because it is discretionary, gives them authority to go ahead and grant funds even though there is discrimination?

Mr. MITCHELL. I am aware of that. We disagree with it. As a matter of fact, just today we were trying to make some corrections in that particular part of the bill.

Mr. TAFT. You understand that the amendment which I am offering or I will be offering to this ARA bill would make it mandatory that funds be denied where there is discrimination, either in the construction employment or in the availability of the facilities or in the employment in facilities built with these funds?

Mr. MITCHELL. Yes. As I understand it, if your amendment were adopted, the situation that we raise with reference to Beaufort, S.C., would be covered by this amendment.

I go further to say that the question raised by the agency would be answered affirmatively. The agency said Congress did not indicate what its intentions were.

If your amendment were adopted, you would give an answer saying you do intend that they deny loans under such circumstances.

Mr. TAFT. Now, with the present interpretation which the administrator is giving, which you have just mentioned, to the effect that there is no authority to receive funds in a program just because there is no undertaking or no guarantee that the employment on the facilities for which the loan is made would be without discrimination, under those circumstances do you feel that the President's bill would be adequate, that title VI would be adequate or give authority under those circumstances to the administrator?

Mr. MITCHELL. Well, I would think that even without the President's bill, if I follow the intent of your amendment, there is a constitutional right and obligation of the executive branch to see that this money is not spent in a discriminatory way, and to cut it off if it is.

But if we accept the legal position of the administration, it is this: Unless Congress authorizes them to do it, they will not withdraw the funds.

As I see it, even if the President's bill were passed, if we really wanted to settle this question once and for all, we should also include a positive safeguard saying if you want to build a motel or hotel with Government money, you have to let everybody make use of those facilities, and this ought to be a part of the agreement between the Government and the borrower.

Mr. TAFT. I thank you.

I see my time has expired.

The CHAIRMAN. Mr. Moorhead.

Mr. MOORHEAD. Mr. Chairman, I have no questions.

I would, however, like to commend Mr. Mitchell on his very eloquent statement of yesterday and today. As he knows, I share his views on public accommodations, and I would like to end discrimination in public accommodations whether or not Federal money is involved.

Thank you, Mr. Chairman.

Mr. VANIK. Will the gentleman yield?

Mr. MOORHEAD. I yield.

Mr. VANIK. I was shocked to hear the gentleman from Michigan comment a few moments ago that discrimination existed in the State of Michigan because I had been led to believe that the Governor and the State legislature were working very zealously to see that discrimination was eliminated in Michigan. We are making great progress in Ohio and I regret that Michigan is lagging behind.

Mr. HARVEY. Will the gentleman yield?

Mr. VANIK. I have no further questions.

The CHAIRMAN. I wonder if we could have agreement. Several members want to go. This is our last witness, as I understand it.

Mr. Bolton has already submitted questions to the next witness, and this will end our public hearing.

I wonder if we can agree that we will go ahead and finish with this witness and meet tomorrow morning at 10 o'clock, and schedule noth-

ing else except amendments to the bill and vote at 11:15, not later than 11:15 tomorrow morning on the amendments in the bill.

If we can have agreement on that, we will go ahead and finish questioning this witness and adjourn until 10 o'clock in the morning.

Does that sound all right to the members?

Mr. ASHLEY. Mr. Chairman, in fairness to the witness, I think we should finish with Mr. Mitchell.

The CHAIRMAN. We will do that. We will stay right here and finish.

Mr. KILBURN. Mr. Chairman, as to 11:15, setting a time, will the members have time to offer amendments?

The CHAIRMAN. They will have from 10 to 11:15. That will be the amendments stage. Of course, if that is not sufficient time we will extend it some.

Mr. KILBURN. That is what I mean.

The CHAIRMAN. Make it 11:15. Is there any objection?

Without objection, it is so ordered.

Mr. TAFT. Mr. Chairman?

The CHAIRMAN. Mr. Taft.

Mr. TAFT. I would like to ask unanimous consent to introduce into the record the figures on capacity trends in the tissue industry, prepared by that industry, which indicate that the figures which were given this morning are not quite correct. They are projecting their figures about 3 years in advance. Actual rates projected for 1963 would anticipate an increased capacity, but whereas, I indicated, under 85 percent.

The CHAIRMAN. Without objection, it is so ordered.

(The figures referred to have been furnished as follows:)

Capacity trends in tissue

[In tons]

As of Dec. 31—	Capacity		Production	Apparent operating rate (percent)
	Daily	Year (maximum)		
1953-----	(1)	(1)	1,509,648	-----
1954-----	(1)	(1)	1,617,362	-----
1955-----	(1)	(1)	1,768,412	-----
1956-----	(1)	(1)	1,869,272	-----
1957-----	6,464	2,146,000	1,912,000	89.1
1958-----	6,831	2,268,000	1,945,319	85.8
1959-----	7,135	2,376,000	2,127,939	89.6
1960-----	7,441	2,478,000	2,201,416	88.8
1961-----	7,766	2,586,000	2,313,048	89.4
1962 ^{2 3} -----	8,189	2,727,000	2,415,920	88.6
		(2,750,000)		(87.9)
1963 ^{2 3} -----	8,751	2,914,000	2,494,000	85.6
		(2,965,000)		(84.1)
1964 ^{2 3} -----	8,808	2,933,000	2,590,000	88.3
		(3,008,000)		(86.1)
1965 ^{2 3} -----	8,817	2,936,000	2,686,000	91.5
		(3,011,000)		(89.2)

¹ There are no reliable capacity data for years prior to 1957.

² Capacity data for 1962-65 are based on 1962 capacity survey.

³ Capacity figures in parentheses reflect adjustments for expansion plans announced after completion of the 1962 survey.

⁴ Projected production data for the years 1963-65 are based on a straight line projection (least squares method) of the 1953-61 record.

The CHAIRMAN. It is understood that we will finish questioning this witness today. Each member will be given an opportunity to question him again if they wish. Then we will meet again at 10 o'clock in the morning.

We will commence consideration of the bill immediately at 10 with consideration of amendments, and we will vote no later than 11:15.

We can probably vote by 11.

With that understanding, we will proceed. Now who is next?

Mr. Moorhead?

Mr. MOORHEAD. I had finished.

The CHAIRMAN. Mr. McDade.

Mr. McDADE. Mr. Chairman, I ask unanimous consent to insert in the body of the record of these hearings some telegrams that I have received.

The CHAIRMAN. Without objection, it is so ordered.

(The telegrams referred to follow:)

SCRANTON PA., July 29, 1963.

HON. JOSEPH M. McDADE,
Member of Congress, Washington, D.C.:

You have before you Senate bill H.R. 4996 which is S. 1163 on Area Redevelopment Administration legislation. This bill will further finance important industrial development work made possible by ARA. Lackawanna County which is substantially labor surplus has made great strides to create jobs through "Operation Bootstrap." ARA has further helped us through grants to develop our Keystone Industrial Park and made loans to build new industrial buildings for substantial employees of our labor force. We believe this legislation is important in creating jobs especially in areas where there is a chronic labor surplus. We urge your strong support to help solve not only the problems of our region but of Pennsylvania and the Nation.

JOHN F. DAVIDSON,
President, Scranton Chamber of Commerce.

JOHN F. MURPHY,
President, Scranton Lackawanna Building Co.

WILKES-BARRE, PA., July 30, 1963.

Representative JOSEPH McDADE,
*House Banking and Currency Committee,
House of Representatives Building, Washington, D.C.:*

We solicit your support for the amendment to Public Law 8727 increasing the area redevelopment administration program for the coming year.

EUGENE S. FARLEY,
President, Wilkes College.

HAZLETON, PA., July 29, 1963.

HON. JOSEPH M. McDADE,
*Member of Congress,
House Office Building,
Washington, D.C.:*

Earnestly urge your full support in passing ARA bill. Our industrial development program needs this help.

VIC DIEHM,
President, NPIDC.

FRANKLIN, PA, July 30, 1963.

Congressman JOSEPH M. McDADE,
Washington, D.C.:

Urge your very strong support of depressed areas bill now before your committee.

T. W. FOSTER,
*President,
Venango Industrial Development Corp.*

Congressman JOSEPH M. McDADE,
House of Representatives,
Washington, D.C.:

TITUSVILLE, PA., July 29, 1963.

Urge strong support for depressed areas bill now before your committee. Four hundred employees now idle as forge plant here ceases operations. Depressed areas measure may be only means of reopening plant.

WILLIAM D. STEVENSON,
President,
Titusville Industrial Fund, Inc.

BRADDOCK, PA., July 29, 1963.

Congressman JOSEPH M. McDADE,
House of Representatives,
Washington, D.C.:

Urge your strong support of depressed area bill now before your committee.

FRANK HILSMAN,
President of Greater Braddock Chamber of Commerce.

LEHIGHTON, PA., July 29, 1963.

Congressman JOSEPH McDADE,
House of Representatives,
Washington, D.C.:

Urge your strong support of depressed area bill now before your committee.

WILLIAM G. WARNER,
Chairman, Lehigh Planning Commission.

POTTSVILLE, PA., July 29, 1963.

HON. JOSEPH McDADE,
House Bank and Currency Committee,
Washington, D.C.:

Greater Pottsville area in Schuylkill County, Pa., identified as persistent labor surplus area. Respectfully petitions your support for passage of depressed area bill now being considered by your committee.

Local citizenry have contributed more than \$1 million for creating new jobs.

Passage of depressed area bill vitally important to continuation of the local effort.

WILLIAM DENNIS,
President of GPIDC.
MATTHEW SHOOK,
Industrial Commissioner.

JIM THORPE, PA., July 29, 1963.

Congressman JOSEPH McDADE,
House of Representatives, Washington, D.C.:

Urge your very strong support of depressed area bill now before your committee.

CHARLES WILDONER, *Borough Secretary.*

TARENTUM, PA., July 29, 1963.

Congressman JOSEPH M. McDADE,
House of Representatives, Washington, D.C.:

Urge your very strong support of depressed areas bill now before your committee.

JOHN R. SEEL,
President, Allegheny Valley Chamber of Commerce.

HUNTINGDON, PA., July 29, 1963.

Congressman M. McDADE,
House Office Building, Washington, D.C.:

Urge your very strong support of depressed areas bill now before your committee.

W. RAY ISENBERG,
Huntingdon Business and Industry.

BRADDOCK, PA., July 29, 1963.

Congressman JOSEPH M. McDADE,
House of Representatives, Washington, D.C.:

Urge your strong support of depressed area bill now before your committee.

LOUIS F. KEOUGH,
President of East Boros Development Corp.

WILKES-BARRE, PA., July 29, 1963.

Hon. JOSEPH McDADE,
*U.S. House of Representatives,
Washington, D.C.:*

Strongly urge support H.R. 4996 (S. 1163) Area Redevelopment Act amended as of 1963.

LOUIS SHAFFER,
President, Committee of 100, Inc.

JIM THORPE, PA., July 29, 1963.

Hon. JOSEPH McDADE,
*House of Representatives,
Washington, D.C.:*

Urge your very strong support of depressed area bill now before your committee.

EUGENE O'DONNELL,
President, Carbon Schuylkill Industrial Development Corp.

TAMAQUA, PA., July 29, 1963.

Representative JOSEPH McDADE,
*House Currency and Banking Committee,
Washington, D.C.:*

Urge your strong support of distressed area bill now before your committee.

DWIGHT BAKER,
Tamaqua Industrial Development Enterprise.

JIM THORPE, PA., July 29, 1963.

Hon. JOSEPH McDADE,
*House of Representatives,
Washington, D.C.:*

Urge your very strong support of depressed area bill now before your committee.

EDGAR A. POE,
Chairman, Carbon County Planning Commission.

WILKES-BARRE, PA., July 29, 1963.

HON. JOSEPH McDADE,
*U.S. House of Representatives,
Washington, D.C.:*

Strongly urge support of H.R. 4996 and S. 1163, Area Redevelopment Act, amended as of 1963.

WILLIAM O. SWORD,
President, Greater Wilkes-Barre Industrial Fund, Inc.

BERWICK, PA., July 29, 1963.

Congressman JOSEPH M. McDADE,
*House of Representatives,
Washington, D.C.:*

I urge your support of depressed area. I have watched Berwick, with its back against the wall, fighting to improve economy. Aid from such a bill as this can give them a big boost in helping to create the necessary jobs so badly needed by our citizens.

M. R. JOHNSON,
Publisher of Enterprise.

HAZLETON, PA., July 29, 1963.

Congressman JOSEPH McDADE,
*House of Representatives,
Washington, D.C.*

HON. JOSEPH McDADES Strongly urge support of ARA underemployed area bill now before your committee. Many vital projects in our area hinge on this program.

This bill will mean in excess of 500 new jobs in this area alone. You are free to show this telegram to the other members of the Pennsylvania delegation or other congressional delegations.

This telegram is sent in behalf of the 400 members of the Greater Hazleton Chamber of Commerce, and over 3,000 local citizens who have contributed to CAN DO, by investing over \$2½ million of their money in community rehabilitation.

LOUIS G. FELDMANN,
President, Greater Hazleton Chamber of Commerce.
DR. EDGAR L. DESSEN,
President, Community Area New Development Organization.

BERWICK, PA., July 29, 1963.

Congressman JOSEPH M. McDADE,
*House of Representatives,
Washington, D.C.:*

We urge your strong support of the depressed area bill now before your committee. Areas like ours are doing everything they can to boost their economy. The aid from a bill such as this will help us to provide hundreds of more jobs to our deserving people.

JOSEPH CAMERON,
President, Berwick Industrial Plant.

Mr. McDADE. Mr. Mitchell, I want to tell you also that I want to compliment you on your testimony and let you know that I supported area redevelopment on the floor last time, and I will in all likelihood do so again, and I will also support the amendment that Mr. Taft has sponsored and will be glad to do so.

Mr. MITCHELL. I would like to thank you for that, and I would like to thank Mrs. Dwyer and Mr. Halpern, both of whom are here, because they were in favor of the urban renewal program, I mean establishment of the agency also, and I think it is a wonderful thing that they took that position and I would like to thank them for it.

Mr. McDADE. No further questions, Mr. Chairman.

The CHAIRMAN. Mr. Stephens?

Mr. STEPHENS. I have no questions, Mr. Chairman.

The CHAIRMAN. Mr. Lloyd.

Mr. LLOYD. Mr. Mitchell, I too would like to commend you for the helpful testimony which you have given.

I would like to say that I do not have confidence sufficient in this program to vote for this bill granting additional funds, but I do not think this precludes me from taking a continuing interest in the bill as it may or may not pass. I think that your testimony to the effect that since this is a Federal appropriation from taxes which come from all of the citizens and should therefore be spent accordingly for all citizens without regard to race or color is an overriding consideration, and on that basis I will support the amendment.

The CHAIRMAN. Have you finished, Mr. Lloyd?

Mr. LLOYD. Yes.

The CHAIRMAN. Mr. Pepper.

Mr. PEPPER. Mr. Chairman, thank you very much.

Mr. Mitchell, you were very kind in what you said about me this morning, and I am grateful to you for those generous sentiments. I think all of us hope to see the realization of what Bobby Burns said, "a man is a man for a' that," and the time when men everywhere in the world shall be judged according to their character, their manners, and their competence and not on some other artificial standard.

In this particular instance, I am very much interested in one aspect of this bill which I hope will provide jobs in Dade County, which I represent. The greatest beneficiary group of that additional employment would be the Negro citizenry, because the Cuban refugees have impacted more severely against the Negro population in my area than any other segment of our citizenship. And so I certainly do not want to see this bill defeated. I am very much heartened by the fact that probably in the next month, certainly shortly, and surely before we adjourn, Congress is going to have the first full opportunity upon the recommendation of a comprehensive program by the President to face up to whether or not we are going to make the Constitution of the United States mean what it says, and whether America is going to be what it ought to be, and beyond that, in the October term of the U.S. Supreme Court this very question of whether or not private conduct in respect to public facilities totally uninfluenced by State action may be amenable to the constitutional requirement of nondiscrimination. So you and all those who have been working with you have accomplished much; hence it does seem that, regardless of how members may feel about these individual amendments on particular bills which only approach the matter in a limited way, it does appear heartening to you, I am sure, and to many of the rest of us that this whole question is to be approached in a full frontal attack and weighed by our Congress and by our courts at an early date.

Mr. MITCHELL. We certainly agree with that, Mr. Pepper. You are one of those who helped bring us a lot closer to the state where we can accept a man as a man, and I might say that I have a deep involvement in this.

My oldest son, who is now a member of the Maryland Legislature, was one of those who was arrested and helped to bring to the Supreme Court this very issue of whether a private owner has a right to invoke the force of the State to eject a customer whose only purpose is to come in peacefully, well dressed, and to sit at a table to seek a meal.

Mr. PEPPER. Thank you.

The CHAIRMAN. Mr. Clawson.

Mr. CLAWSON. Thank you, Mr. Chairman.

Mr. Mitchell, are you familiar generally with the program of ARA as it has been conducted up to this point?

Mr. MITCHELL. I am reasonably familiar with it, Mr. Clawson.

Mr. CLAWSON. Then for my own edification I want to ask this question, because I am not familiar with some of the past experiences in this agency.

Has there been discriminatory actions or programs where discrimination has existed in the administration of the program?

Mr. MITCHELL. That is correct.

We have brought these to the attention of the agency, and I will say in fairness to Mr. Batt, a gentleman I have known for a long time, I think he would honestly like to correct these matters. I am very hopeful that he will, but the discrimination has been there and we have brought it to the attention of the agency.

Mr. CLAWSON. Have there been any actual efforts made to correct the situation?

Mr. MITCHELL. Well, I believe they have undertaken to try to make certain that more Negroes participate in the program. I know they have some personnel whose function it is to try to meet some of these problems, and with respect to the question of employment on the construction of various types of things, they are making an effort.

With respect to the other question that I raised of a borrower who uses the money to build a business, I have seen no evidence of any correction of that problem.

Mr. CLAWSON. To your knowledge there have been no Negro businessmen or industrialists who have been benefited through the financing program?

Mr. MITCHELL. Not to my personal knowledge, but I would not want to say that none benefited.

Mr. CLAWSON. One more question then.

Are you familiar with any statistics in connection with increased employment among minority groups as a result of the ARA program?

Mr. MITCHELL. I have not seen any such statistics. I understand that they have either compiled some or are trying to get some together, but I have not seen any great change in the problems of unemployment as a result of this agency's operation.

I do believe that it has had an impact in a number of areas. I do believe that the overall effect where we do not have the question of sectional racial discrimination, the overall effect has been constructive.

Mr. CLAWSON. But particularly directed to the minority groups, you have seen no demonstrated change in employment?

Mr. MITCHELL. I say that, answer yes, but I hasten to add that I do not mean to imply that it does not exist. All I say is that I have not seen the statistics.

Mr. CLAWSON. Thank you very much, Mr. Mitchell.

That is all I have, Mr. Chairman.

The CHAIRMAN. Mr. Minish.

Mr. MINISH. Mr. Mitchell, do you feel that the administrator has the authority under the present law to correct the problems that you are primarily concerned with?

Mr. MITCHELL. I do, Mr. Minish.

As I said, this is not only my belief, but the belief of our legal staff. We think that the executive branch has the authority to act, and we believe of course Congress not only has the authority, but the duty, so either could do it if they would be so disposed.

Mr. MINISH. Under present law the administrator can do it now?

Mr. MITCHELL. It is our belief and contention that he can.

Mr. MINISH. Thank you.

Mr. MITCHELL. And we support that with legal arguments.

Mr. MINISH. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Hanna.

Mr. HANNA. Mr. Mitchell, from the character of your presentation that you intend to be and have been a constructive concerned citizen in this problem, and I am sure with the experience of over 20 years you do not intend to nor would you care to play a cat's-paw. Yet I am wondering with that experience if you are not aware as I am of the fact that of the 57 votes that were against ARA on the Democratic side, only one, Mr. Pike of New York I believe, was north of the Mason-Dixon line.

Now, I suppose that you as much as anybody should have a compassionate understanding for a minority position which our unfortunate brethren of the Republican Party have at this time in the Congress, and I suppose we should be as sympathetic as possible to whatever accommodations they can work out to solve the problems of minority. It does appear to me, however, to be a rather singular fact that cannot be overlooked that this lineup of voting is present in the past, and it could very well be that we are creating in a mixture of bills here which have to do with basic policies, one a basic policy toward civil rights, another a basic policy toward meeting unemployment, a situation in which we would allow individual Congressmen to run with the fox and hunt with the hounds, in effect.

They can be for the one thing and against the other and yet, in a mixture around, the total position could be they are against both.

I would ask you, is it not your experience over the years around here that this kind of a result is not at least unique, in mixing these bills like this?

Mr. MITCHELL. It certainly is not unique, Mr. Hanna. I recognize it. But I think, and I say this as a nonpartisan voter, I think that the Democratic Party fails to realize that the South is also a part of its party. I do not see how the Democratic side can continually point to the Republicans and say, "You are doing this to kill the bill," and then excuse or minimize the fact that the reason people can use a civil rights bill or a civil rights amendment to try to defeat a bill is because there are members of the Democratic Party who are good Democrats,

who believe in following the President's leadership, who want these things for their districts because they know the people need them, but for reasons that are very obvious they cannot afford to vote even for a needed bill if there is language in it which says that there must be no discrimination.

Now I think we cannot eliminate that problem merely by pointing the finger at the Republicans. I think we have got at some point to make it clear to the voters in the South that if they want these social benefits, they must go along with its protection for the right of all people.

Mr. HANNA. Let me put it to you on this practical basis.

It is my feeling, and this feeling, of course, is only as a freshman and therefore it may not be worth very much, but it is my feeling that if we could pass the ARA bill with the amendment which we are discussing here, we can certainly pass the civil rights bill proposed by the President.

It is further my feeling that we will have been far furthering the cause for which you stand if we in fact pass the bill that will apply to all aspects and all activities of the Federal Government.

Would you say that that is an ill-founded feeling?

Mr. MITCHELL. No, Mr. Hanna, I would say that it is a very sound conclusion, but it has been my experience that there are some times people in this House who will disagree with certain social legislation that would have broad effects favorably for minority groups, who will vote against that social legislation, but who are for civil rights. I do not think that because they are against some of the things which you and I believe are very much needed social welfare programs, that we can reach the conclusion that they also are weak on civil rights.

Mr. HANNA. For that very reason I did not say, Mr. Mitchell, very carefully I did not say that if the ARA was defeated by this amendment that I did not think we could pass a civil rights bill.

You noticed I did not say that.

Mr. MITCHELL. I did notice that.

Mr. HANNA. But what I did say was if we can pass this bill with this amendment on it, then I am sure we can pass the President's civil rights bill. That is an entirely different viewpoint.

Mr. MITCHELL. Yes, it is.

The CHAIRMAN. Mr. Halpern.

Mr. HALPERN. Yes, Mr. Chairman.

I wish to commend the gentleman for his sincere and forthright presentation. He has made a valuable, enlightening contribution here, and I feel the committee has gained much as a result.

I am very much impressed by the explanation the witness gave the committee. He hits directly at the basic moral issue involved, and I feel the amendment goes right to the core of the issue.

I agree with all you have stated, Mr. Mitchell, and again I want to extend my compliments on the superb job you are doing.

Mr. MITCHELL. Thank you, Mr. Halpern.

The CHAIRMAN. Mr. Wilson.

Mr. WILSON. Mr. Mitchell, in reply to a question by Mr. Clawson, you indicated that you had complained to the agency about discriminatory practices. On two occasions yesterday Mr. Roosevelt denied that there had been any complaints whatsoever. Now I have been quite dissatisfied with the administration of the agency myself, and

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this has something to do with my disenchantment to a certain extent of this program.

However, I expect to support the bill and I would join with those other Members on our side who have indicated that they feel that the administrative responsibilities that are there in the agency should be adhered to and that, if it means removing people from positions they now hold, I would certainly support any such action in order that this program is administered as it should be and in all fairness to all people of the country. Apparently we have the authority there, if it is practiced the way it should be.

Mr. MITCHELL. I thank you, Mr. Wilson.

I will be happy to submit for the record a copy of a memorandum which we submitted right after this agency was established for the purpose of trying to correct what we could see were discriminatory practices.

I have brought along with me a file which contains samples of complaints which we have made, so it would not be correct to say that we have not complained.

Mr. WILSON. This is very interesting to have in the record I think, and worthwhile. Thank you.

(The information referred to has been submitted as follows:)

NOVEMBER 14, 1961.

Hon. LUTHER H. HODGES,
*Secretary of Commerce,
Department of Commerce,
Washington, D.C.*

DEAR MR. HODGES: We wish to bring to your attention for consideration and correction a serious storm warning in connection with the operation of the multi-million-dollar area redevelopment program. Unless some of the present patterns are corrected, this may well be the most gigantic of all federally supported programs that finance and extend the institution of racial segregation.

We are advised that as of October 27, 1961, the Departments of Agriculture and Commerce have approved overall economic development programs for Autauga, Coosa, and Elmore Counties in Alabama, Jackson County in Florida, and Warren County in Georgia. The colored population in these counties ranges from 31 to 63 percent. We note that on a form submitted for central rural Alabama there is a statement indicating that the six members charged with implementing and coordinating the redevelopment program are "representatives of the redevelopment area." All of them are white. As of October 31, there were awaiting approval plans from six Georgia counties where the colored population ranges from 50 to 70 percent. We are advised here again the persons representing the areas are all white.

It is well known that these areas have a notorious record of racial segregation and discrimination in the use of public funds for such things as community facilities, water supply and sewage systems, health and hospital facilities, library programs, vocational training, and employment. When one keeps in mind the fact that the redevelopment program will make available \$300 million in revolving loan funds, \$40 million for public facility grants, and \$3 million for technical assistance grants it is readily apparent that this can be a virtual gold mine for those who wish to perpetuate segregation and second-class citizenship with Federal help.

We have received a thoughtful memorandum of suggestions on this matter and we are submitting it to you for consideration. We will appreciate a reply stating what steps are being taken to make certain that the area redevelopment program includes a true cross section of localities in the planning, execution, and benefit stages of the various projects. We would also like to know what assurances are being obtained to guarantee that facilities made possible by this program are available to all without racial segregation.

Sincerely yours,

CLARENCE MITCHELL,
Director, Washington Bureau.

NOVEMBER 2, 1961.

Memorandum.

To: Clarence Mitchell, Director, NAACP Washington Bureau.

Subject: Area Redevelopment Administration: Lack of participation by Negroes in county development programs.

Public Law 87-27, known as the Area Redevelopment Act, has now been the law of the land for 6 months. A far-reaching program was authorized by Congress, including \$3000 million in revolving loan funds, \$40 million for public facility grants, and over \$3 million for technical assistance grants.

As of October 19, 1961, 199 counties in 25 States had obtained provisional approval of overall economic development plans, through which they will ultimately obtain Federal participation in the financing of local projects to create jobs, improve municipal and rural facilities, and provide for technical assistance in planning, and for new training facilities.

We have reviewed the brochures and other guidance material furnished by the ARA for counties and municipalities which must submit OEDP's setting forth their problems and their projected plans for meeting them, partly through local initiative and partly through Federal aid.

Our scrutiny has primarily been directed toward finding what awareness exists in the ARA of the necessity for bringing into any economic recovery program the participation of large minority groups, especially Negroes in the Southern States.

Our interest presupposes that any broad economic plan that does not take into account realistically the millstone effect of segregation is not, in fact, a broad plan. If Negroes are not part of the planning and leadership of a program for an area in which they form either a majority or large minority of the population, the program may only further disadvantage them.

Examination of ARA publications¹ reveals none which come to grips with the largest single root problem in the Southern States: Segregation and protection for Negro rights in the drawing up of OEDP's.

We can find no press release or directive telling the South that the end-product achievements of their ARA-aided programs must serve Negro and white components of the population equally and without discrimination.

ARA officials and officials at the USDA concerned with delegated ARA functions expressed dismay and indignation upon being pressed for structural protection in the administrative processes of the program—guarantees in the procedures which would prevent discrimination by default in the final programs. All expressed their distaste for discrimination, but there was little apparent understanding of the realities of administering a Federal money program so that Negroes and whites would benefit equally.

The USDA's Federal Extension Service is charged with aiding in the establishment of local committees. Asked what steps the FES takes to protect the dominated group in the South, an official said "We tell them they must make the committees as representative as possible." In fact, dozens of proposals have been submitted with all-white committees at the helm, and there has been no objection, forceful or otherwise, to force a broadening of the committee to include Negro leaders in Southern counties.

Procedures at ARA in the approval of OEDP's appeal to be so slipshod that plans have been approved in the interest of expediting the early phase of the program with only a checkoff by a junior employee of such questions as "Is the local organization submitting this OEDP representative of the redevelopment area?" In the case of one 5-county area² we found that the check had been done by a summer employee—a student. We were unable to obtain any further definition of the criteria for "representative." In the case of this five-county area, only one of the five counties had submitted evidence of more than one individual on its committee. It is hard to see how the person checking this OEDP could have written "Yes" as an answer to the above question, but he did.

It is ironic that the dominant group of many southern counties must use heavy, chronic, Negro unemployment to support its application for ARA assistance under section 5(a)(2) without being obliged to later submit plans recog-

¹ Handbook of "Federal Aid to Communities," June 1961; "Your Community and the Area Redevelopment Act," June 1961; the "Overall Economic Development Program," what it is—how to prepare one * * *, August 1961; "Occupational Training and Retraining Under the Area Redevelopment Act" (U.S. Dept. of Labor), August 1961.

² Autauga, Bibb, Chilton, Coosa, Elmore Counties, Ala.

nizing the special needs of these citizens in economic extremes. Beyond bending their backs as the traditional unskilled labor force, they will have no part in the new jobs opened up if those jobs are in one of the many facilities and factories which, in the counties in question, hire only whites.

The Area Redevelopment Act has no protection or guarantees regarding equal employment opportunities, nondiscrimination in retaining facilities to be aided, and has no wording forcing any specific observance of equal rights.

The ARA's Administrator has ample authority to withhold aid from counties unless they furnish evidence of nondiscrimination, and Negro participation in program leadership.

RECOMMENDATIONS

(1) ARA free itself of "chamber of commerce" thinking on area recovery planning. Such groups have had a traditional "in" when it comes to breathing new life into a trade area of municipality. Vast changes are taking place in America; planning will require new and unprecedented participation by all segments of the community where an area is "sick to its roots." Often the local "courthouse gang" and "in" group of merchants want no part of real progress.

(2) Procedures should be instituted that will inform all county groups and State committees that the ARA requires truly representative committees.

(3) ARA should make available to State and local leaders the overwhelming weight of evidence, published, statistical, and otherwise known which indicates that areas which bring Negroes into full citizenship inevitably become economically stronger. ARA field representatives should be increasingly alert to the multicounty approach; regional approaches to problems make possible broader programs; racial groups may be encouraged to exercise at least limited mobility within the area, rather than remaining restricted to artificial and uneconomic county localities in seeking new opportunities. Multicounty approaches lessen apparent threat between competing groups which may be all too evident in a restricted area.

(4) Special steps should be taken to enable all ARA materials to be mailed to minority group leaders, especially in the South, so they will not be "in the dark" when each successive area begins to work up an ARA program. Channels of communication may be so restricted for Negroes in the South that even the Negro county agent receives only such Federal publications and bulletins as the white county agent sees fit to give him.

(5) As each step forward is made concerning minority groups affected by the ARA, and as each procedure is adopted, the Administrator is urged to specifically direct compliance in agencies outside the Department of Commerce, lest the effect be diluted or lost where authority is delegated.

The CHAIRMAN. Mr. White.

Mr. WHITE. I have no questions, Mr. Chairman.

The CHAIRMAN. Mr. Vanik.

Mr. VANIK. Mr. Chairman, I have one further question.

In the normal course of events, Mr. Mitchell, this bill should reach the House before the President's civil rights bill. Do you believe that the trial run of the civil rights issue attached to this bill, which will be burdened with such opposition as there may be to ARA, will enhance or improve the chances of the President's civil rights proposal when it comes before the Congress?

Mr. MITCHELL. I would not be prepared to say that it would enhance. I do not believe it will adversely affect.

I would certainly believe that if this bill were passed with this amendment in it, it would be very heartening, but we have been through this before in situations where amendments of this kind were offered prior to the time a substantive civil rights bill was considered, and there did not seem to be a negative effect from that. From that, I would not expect in this instance that there would be any negative effect from it.

Mr. VANIK. I am rather optimistic about the President's civil rights proposal.

Mr. MITCHELL. I am, too.

Mr. VANIK. And I feel there is a concern that I have that submitting this civil rights issue attached to an area redevelopment bill burdens the civil rights issue in that you have the opposition of those people who oppose a spending program such as the area redevelopment bill who take their position against it. It would put them in the opposition of the civil rights issue which they might otherwise support, so that in a sense it gives us a clouded test run. It is not a pure test run of the civil rights issue. And if it should be proven that the civil rights issue would defeat this bill either before the Rules Committee or before the House, would it then improve the chances of the President's program?

Mr. MITCHELL. As I said, I do not believe it would necessarily improve, but I do not believe it would adversely affect. I think it would be an issue that would stand on its own bottom, so to speak.

I disagree with your view that this is not a pure test. It is not an extensive test, but it is a pure test. It is a question of whether the Government is going to continue to give millions of dollars to persons without any assurance that those people operate a business or a hotel on a nondiscriminatory basis. I think this is a very clear test.

Mr. VANIK. I have no further questions, Mr. Chairman.

The CHAIRMAN. Any other questions?

How many want to ask additional questions?

Mr. Taft and Mr. Multer, that is all?

All right, Mr. Taft.

Mr. TAFT. Mr. Mitchell, while you believe, and your organization believes, that the Administration has the authority to under the present law, whether this bill passes or not, would have the authority to go ahead and put conditions of nondiscrimination upon all grants—

Mr. MITCHELL. That is true.

Mr. TAFT. Am I correct in understanding that the agency and the Administration take the position that they do not have that authority as to transient housing and construction on public buildings until just lately, in June or July I think, they finally put out something on construction of private buildings financed in part?

Mr. MITCHELL. I think that is a fair interpretation of the sentence that I read from the letter which we received from the Administrator.

Mr. TAFT. So that while you believe that this authority is there, the Administration takes the position they do not have the authority as to transient housing, and as to employment in facilities built with ARA funds.

Mr. MITCHELL. The specific question that we raised had to do with employment in businesses that had been built as a result of receiving this aid. The answer to that was, Congress had not indicated the intention and therefore the agency did not do anything about it.

Mr. TAFT. Do you think in passing of title VI, if it does pass in its present form, that it would change that interpretation?

Mr. MITCHELL. I think there would certainly be a good argument on the side of anybody who advocated that, but I do not believe it would necessarily follow that the agency would change its position. I think there are two ways that would be changed. Either the President would, through his normal channels, indicate that this must be done, or the Congress would spell it out in the law.

One of those two things must happen.

Mr. TAFT. Now one other question.

There has been some discussion of possibly there being an amendment to eliminate hotels and motels from this program. That of course would not be the limit of activities which might be financed by the ARA in which the question of availability of facilities without discrimination might be involved.

In other words, there might be shopping centers, dairies, banks perhaps, even restaurants, this type of thing—parks.

Unless we go on spelling out all of these other areas, it seems to me we are not going to get them. I wonder do you have any opinion on that subject?

Mr. MITCHELL. We certainly recognize, on the basis of the figures given by the agency, since they say they are spending about 20 percent of the money in these hotels and restaurants, motels, et cetera, this would take care of 20 percent of the problem.

Now, the remaining 80 percent is susceptible to correction by executive action or action by Congress.

I think that one or the other ought to happen in order to accomplish the result.

Mr. TAFT. Fine. I thank you very much.

The CHAIRMAN. Mr. Multer.

Mr. MULTER. Thank you, Mr. Chairman.

Mr. MITCHELL. I would like to get this clear. I think I understood you to say that your organization that you represent favored this bill when it was first before the Congress before it became enacted into law, and you are in favor of this bill now.

Mr. MITCHELL. That is correct, Mr. Multer.

Mr. MULTER. I think I understood you to say that your organization does not take the position that they would be opposed to this bill unless a civil rights amendment were written into it.

Mr. MITCHELL. Except by implication.

I think that is a fair statement. It would be necessary to read the language of this resolution to reach the conclusion that by implication we would be against the bill if it did not contain this.

But specifically on this bill, we did not pass a resolution saying that we would be against it if it did not contain this amendment.

Mr. MULTER. Your organization did take the position in favor of this bill, in favor of this law when it was a bill when it was before the Congress the last time and it had no civil rights amendment in it, and again now without a civil rights amendment in it when the bill was proposed this year, your organization again took a position in favor of it?

Mr. MITCHELL. That would not be technically correct.

We have always favored this principle. As a matter of fact, we were for the principle before it was a formal bill. We also favored the various antisegregation amendments which were offered each time they have been offered, and several have been offered by very fine civil rights supporters.

Mr. MULTER. There have been a fair number of nonwhite people trained under this program as it has been administered?

Mr. MITCHELL. I would say, as I indicated to Mr. Clawson, I had not seen the statistics, but I am advised that a large number have

benefited, and I have received that from people of integrity. I think it is correct.

Mr. MULTER. And from the pure economics of it, the more jobs we create that can be filled on a nondiscriminatory basis, and the more persons who can be trained to fill them, the better we do for all concerned?

Mr. MITCHELL. There is no doubt about that, if it is on a non-discriminatory basis, and of course, as I have indicated, without safeguards it cannot be on a nondiscriminatory basis.

Mr. MULTER. When you talk about the Administration having indicated certain things to you, you are talking about ARA?

Mr. MITCHELL. The Administrator, I should have said. I did not mean to slur it over and say Administration.

Mr. MULTER. In other words, I think you did make it clear that if the President issues a directive to the Administrator of this program so far as nondiscrimination is concerned, that that directive would surely be complied with or the man would be removed as Administrator?

Mr. MITCHELL. We certainly believe that the President is the Chief of Government and the subordinates would obey the Chief.

Mr. MULTER. I think it is fair to assume that if the Congress had been able to write into each of these various bills that came before us, a civil rights provision, and passed the bill with such a civil rights provision, we would have long since been able to enact a civil rights bill to cover all situations; is that a fair assumption?

Mr. MITCHELL. I think it is entirely accurate, Mr. Multer.

Mr. MULTER. And we have not been able to do that thus far, though we do hope to be able to do it in this session, to get an overall civil rights bill?

Mr. MITCHELL. I would say we have not, but the reason we have not is because there has not been sufficient disposition to do it.

Mr. MULTER. I think you are right there, too, and I think that brings me to the question that you raised about those who are opposed to social legislation as such, social welfare legislation, and yet are intensely for civil rights legislation.

You have sat in the galleries many times and watched the House in operation and seen many people who are opposed to social welfare legislation walk through the tellers and stand up on a division vote and vote for a civil rights amendment and, after it prevailed, voted against the bill.

That is a fair statement, too, is it not?

Mr. MITCHELL. That is a fair statement, but I hope it would not be considered as an all-inclusive statement.

Mr. MULTER. No.

Mr. MITCHELL. Because I have a very clear recollection of one of the Congressmen from Pennsylvania who was the ranking member of the House Labor Committee taking a position that he was not in favor of an education bill which was before the committee. He was a conservative. He was also against our amendment, but he was for an education bill. So I do not believe this thing can be simplified down to the point where we assume that everybody who has some questions about a given piece of legislation necessarily is against that legislation because he is for safeguards in it on civil rights.

Mr. MULTER. No.

The only point I am trying to make, and it is demonstrated right here in this committee throughout these hearings on this bill, on this very bill during these very hearings, some of our members are frank enough to say, "I will vote against this bill even though it does have a civil rights amendment in it and I will vote for the civil rights amendment."

There are others who will say, "I am for civil rights and I am for this bill and with or without civil rights I am going to vote for this bill in order to get the bill."

That is a fair statement. That is why I am frank to say I think you are mistaken when you say the northern Democrats should not find fault with the Republicans when there are Dixiecrats who will not vote with us on civil rights matters.

The fact of the matter is, if all of the Republicans who stand for civil rights joined with the Democrats outside of the South who stand for civil rights, there is no question in my mind and I think you will agree that we could get almost overnight an overall civil rights bill.

Mr. MITCHELL. I think it would be proper to characterize the mood in which I said that as one of sorrowing accuracy.

I think that the Democratic Party must face up to the fact that when it runs for office in New York and gets the New York colored people to vote for it, it cannot thereafter, when Congress is in session, say to those same people, "The reason we cannot get this civil rights legislation through" or "We cannot get these amendments through, is because there are some northern Republicans who will switch votes on us."

Actually, it is true the Republicans will do that, but the reason they are able to get away with it is because the southern members of the Democratic Party collaborate with them, and I think it is only fair for the public to face up to this problem.

I do not think there is any way of ever correcting it unless we do.

Mr. MULTER. The only way we will ever correct it, and I am quite in agreement with you, the only way we will ever correct it is if a large number of the Southern Democrats should then go along with the Northern Democrats on the matter of civil rights. I think we are still a long way from that.

Mr. MITCHELL. It is not hopeless.

Mr. MULTER. I agree with you.

Mr. MITCHELL. We have a living illustration here in Senator Pepper. I think what is needed is the men of conviction and strength of character who will stand up as he has stood up, and when that happens, we are going to have a new day in this country.

Mr. MULTER. And occasionally risk defeat and losing the office, but stand up for those principles. I have said that too.

Mr. KILBURN. Would the gentleman yield for just a minute?

Mr. MULTER. Surely.

Mr. KILBURN. All this talk about trading votes, it seems to me that most Members of Congress that I know of vote for what they think is right on amendments or on a bill or anything else, and I am a little sick and tired of hearing the Democrats blame the Republicans when bills do not go through and they have two-thirds of both the House

and Senate. That is basic. Yet the poor Republicans are always to blame if a bill does not go through.

Mr. MULTER. And will the gentleman refuse a coalition next week on one of the bills that comes up on the floor?

Mr. KILBURN. I do not refuse a coalition. I go ahead and vote the way I think is right and that is all there is to it.

Mr. WIDNALL. Will the gentleman yield?

Mr. MULTER. Yes, sir.

Mr. WIDNALL. I would just like to put in the record one of the good retraining programs that took place at the beginning of ARA in south Jersey, and I think almost all of the trainees were Negroes in the training program.

Are you familiar with that?

It proved quite successful and all the people were placed.

I think the difficulty right here, though, with the position of the NAACP is that at the time of the institution of this legislation there was no understanding as to how it would be administered, and nobody I think foresaw the fact that a lot of money was going to be placed in motel and hotel construction where there would be discrimination.

(The information requested has been submitted and is as follows:)

U.S. DEPARTMENT OF COMMERCE,
AREA REDEVELOPMENT ADMINISTRATION,
Washington, D.C., August 6, 1963.

Hon. WRIGHT PATMAN,
Chairman, Committee on Banking and Currency,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: During the course of my recent testimony before your committee on S. 1163, Representative Widnall requested a report with regard to a training project in Scranton, Pa., for electronic assemblers.

As you know, section 16 of the Area Redevelopment Act provides that:

"* * * the Secretary of Labor, in consultation with the Secretary (of Commerce) and the Secretary of Agriculture shall determine the training or retraining needs of unemployed and underemployed individuals residing in the redevelopment area. The Secretary of Labor shall notify the Secretary of Health, Education, and Welfare of the occupational training or retraining requirements of the area, and shall provide for the orderly selection and referral of those unemployed or underemployed individuals residing in the area who can reasonably be expected to obtain employment as a result of the skill they will acquire in the training which is to be made available. The Secretary of Labor shall cooperate with the Secretary of Health, Education, and Welfare and with existing State and local agencies and officials in charge of existing programs relating to vocational training and retraining for the purpose of assuring that the facilities and services of such agencies are made fully available to such individuals."

As the above statutory provision indicates, ARA's responsibility for worker retraining is limited to one of consultation in determining the needs of unemployed and underemployed individuals residing in the redevelopment area in question.

In actual operation, ARA training program proposals originate in the local areas themselves and require approval by the local employment service and the local vocational education office. They are then approved by the State director of employment security and by the State director of vocational education prior to their submission to Washington.

They are then approved by the Department of Labor and by the Department of Health, Education, and Welfare and returned to the State of origin, where the State director of vocational education is charged with supervising the actual training in accordance with the terms stipulated in the project approval.

The Department of Labor works with the State agencies in the selection of qualified candidates to undertake the proposed training, and the Department of Health, Education, and Welfare assists in the provision of facilities and instruc-

tors for the actual conduct of the training program. Placement of trainees after completion of the training course is undertaken by the local employment service offices.

Although ARA has no authority or responsibility under the training provisions of the act to supervise the training program, we do have a continuing interest in the effectiveness of training projects initiated under the ARA program. Accordingly, when complaints about the Scranton electronic assemblers class, one of several training programs undertaken in the Scranton area, reached ARA on August 31, 1962, we asked for an investigation by the Department of Labor and the Department of Health, Education, and Welfare.

We were informed that such an investigation was conducted in September 1962, and that corrective measures had been instituted. A memorandum submitted by the Assistant Commissioner for Vocational and Technical Education, which we requested in response to your request, accompanies this letter. It should be noted that the Department of Health, Education, and Welfare believes that the actual conduct of training classes is primarily a State responsibility and that the nature of corrective action required in this case was left to the discretion of the State director of vocational education.

If further information regarding this matter is required by the committee, we will be glad to supply it. However, more direct and complete information can be obtained if necessary from the Department of Health, Education, and Welfare.

Sincerely,

WILLIAM L. BATT, Jr.,
Administrator.

AUGUST 2, 1963.

U.S. Government, Department of Health, Education, and Welfare, Office of Education.
Memorandum

To: William L. Batt, Jr., Administrator, Area Redevelopment Administration.
From: W. M. Arnold, Assistant Commissioner, W.M.A., for Vocational and Technical Education.

Subject: Administration and supervision of ARA training programs and ARA project No. 29, Scranton, Pa.

Reference is made to your query concerning the administration and supervision of ARA training programs approved by this Office.

As you are aware, ARA training program proposals originate in the States and are approved by the director of employment security and the State director of vocational education prior to submission to Washington.

Those proposals which are approved by the Department of Labor and HEW are returned to the State director of vocational education for implementation. The State director of vocational education is delegated authority to administer and supervise the programs approved for his respective State in accordance with the terms stipulated in the approval.

In the case of the Scranton, Pa., training proposal to which you refer (ARA project No. 29, Pennsylvania 1962), the approval was handled in the normal manner. When this Office received a report that the training classes in Scranton were not being conducted in an efficient manner, the State director of vocational education for Pennsylvania was immediately notified and requested to take such action as he deemed appropriate.

The State director in due time informed this Office that action had been taken to correct the deficiencies and that particular surveillance would prevail to the conclusion of the program.

Mr. MITCHELL. I certainly had not anticipated that one day people would be getting money to build potentially segregated hotels and motels.

Mr. MULTER. Mr. Mitchell, is there any segregation in this new hotel in Detroit?

Mr. MITCHELL. I have not seen any and I would not be prepared to say there is or is not, but I would say I am certain that any hotel which is built in certain areas of this country would be segregated.

I am equally certain there is a strong chance that some in places where there are civil rights laws would be segregated.

Mr. MULTER. Let me make clear first before I go to the next question, I do not think all the trouble with segregation is in the South. I have said this repeatedly. I think we have plenty of trouble in the North and plenty of trouble right in my own city of New York. I think that needs much attention and I prefer to give my first attention to New York. The South can take care of its problem, never overlooking, however, the fact that legislation may be necessary to bring this about. But I think if the people in each community did this job, we are trying to do, we would be all right. That brings me to this next question.

Let's refer now to this General Winfield Scott Park. It is a public park, is it not?

Mr. MITCHELL. That is correct, owned by the Government of the United States.

Mr. MULTER. Right. No employee of the U.S. Government participated in keeping these people out of the park in the instance you referred to?

Mr. MITCHELL. That is correct.

Mr. MULTER. It was the people in the community who gathered together and kept these others out and chased them out, is that not right?

Mr. MITCHELL. This was done by the people of the community and tolerated by the Government of the United States.

Mr. MULTER. What should the Government of the United States have done?

Mr. MITCHELL. The Government should do as it does in thousands of other areas of this country, and that is guarantee safety and proper use of such facilities that are supposed to be open to the public.

It seems to me a crime that the Government did not act in this.

I would like to offer for the record a copy of a letter that we sent to the Justice Department on this, dated November 2, 1960, and so far as I know they never did anything to solve the problem.

Mr. MULTER. I agree with you that something should have been done and the Federal authorities should have stepped in to be sure that these people were able to use this park which is owned by the U.S. Government. That brings me to this problem.

Let's assume we write into this bill a civil rights amendment such as will be offered by Mr. Taft, or some similar or even a more all-inclusive amendment, and it becomes law. Then an applicant comes in and makes an application for a loan and we have him participating as the entrepreneur who is going to build the plant or whatever it may be, the local community participating and the Federal Government participating. We have an agreement executed that they are all going to comply in good faith with the law and all of its provisions, including the civil rights provision, and they build the factory or motel, or whatever it may be that is called for is built, completed, and ready for operation, and then some people in the community gang up together as they did at General Winfield Scott Park and block the entrance to the place and do not let people get in because they are trying to let them come in on a nondiscriminatory basis, whether transients who are going to be living there or people working there. What do we do to correct the situation?

Mr. MITCHELL. I think that the resources of government are always adequate to meet problems like that. They met such a problem in the State of Mississippi on the matter of admission to the University of Mississippi.

It is interesting to note that with a lesser show of force it was possible to meet it in the University of Alabama, and even more interesting to note that there was no force necessary in the State of South Carolina because the people themselves decided that they were going to obey the laws.

Mr. MULTER. You have made my point very well. Because with all the laws that we may write and with all the Government enforcing ability and the Government should go in and enforce the law, unless the people in the community are of good will and will cooperate, we cannot implement the law no matter how strongly we may write it.

Mr. MITCHELL. I would say regardless of geography, I have great faith in the people of this country, regardless of their race or religion.

I believe most of the difficulty we have in some parts of this country is not because we have a short supply of men of good will. It is because the men of good will are not backed by the law.

It is my belief that if we back the men and women of good will with the law, then we will be successful. I do not believe we can get along without some legislation.

Mr. MULTER. I am in agreement with you there, too, because I come from a place where I remember when the want ads carried the words "Catholics need not apply," and "No Jews wanted."

I am one of those who lives civil rights because it is part and parcel of my being. I am one of those who was denied employment because I was a Jew, not once but several times, and this was typical in New York where I was brought up. We have overcome that. We went a long way without any law and now we have a law that covers it right across the board in the State of New York and we are doing a good job on it. But without good will you cannot get very far. I do hope that the day will come when this will all be behind us and we will not look at the color of your skin or the religion to which I was born, and we will live together as true Americans.

Mr. BOLTON. Mr. Chairman, I have asked the gentleman to yield because Mr. Wilson and I have a very important previous engagement and we wish to ask the witness' forgiveness in letting us go.

The CHAIRMAN. Mr. Halpern has a question.

Mr. HALPERN. Mr. Mitchell, am I correct in understanding that beyond advocating individual amendments such as this one to the ARA bill, you would like to see stronger language in title VI of the President's bill?

Mr. MITCHELL. That is correct.

Mr. HALPERN. Instead of the discretionary power now given to the Executive, would you like the provisions to be mandatory?

Mr. MITCHELL. That is correct, Mr. Halpern.

The CHAIRMAN. Mr. Moorhead.

Mr. MOORHEAD. Mr. Mitchell, I was disturbed about this General Winfield Scott Park. That was an incident which occurred in 1960, as I understand it.

Mr. MITCHELL. That is correct.

Mr. MOORHEAD. And do I also understand that that situation remains the same, that no action has been taken?

Mr. MITCHELL. We have not been advised of any action, and as far as I know, nothing has happened to change that situation.

The CHAIRMAN. Mr. Minish.

Mr. MINISH. Mr. Mitchell, I am here only since January and apparently I do not know of some of the things that happen, but prior to that is this the first time that the NAACP has appeared before this committee on this particular matter?

Mr. MITCHELL. On this particular bill it is the first time. We have been before this committee on housing matters and other things, and we have urged various members in connection with this legislation to seek safeguards in it.

Mr. MINISH. But this is the first time that you have appeared?

Mr. MITCHELL. That is correct; this is the first time that a member who had an amendment said that he would like to hear some testimony on our position about it.

Mr. MINISH. Do you have any information on any discrimination in these motels? I am interested in this. I have not heard of any to date.

Mr. MITCHELL. When you say do I have a situation where John Smith on January 1 went to a motel, sought a room and was turned down on the basis of his race, the answer to that is "No," but I would say it would be really unrealistic if I assumed when a motel or hotel was built in some areas of the country that it was going to be open to everybody without regard to race.

Mr. MINISH. So that you are concerned about what might be done in the future under this act, is that correct?

Mr. MITCHELL. Well, not only what might be done in the future, but what undoubtedly is going on now.

Mr. MINISH. I am aware of that.

Mr. MITCHELL. I understood that somebody mentioned that a motel had been built down in Georgia. Well, you do not have to have a crystal ball to know what would happen when a Negro made an application to get in there.

Mr. MINISH. I am against building of motels, hotels, or call them whatever you want. That is all, Mr. Chairman.

The CHAIRMAN. Thank you very much, sir. We appreciate your testimony.

Mr. MITCHELL. Thank you.

The CHAIRMAN. It will certainly receive the consideration of this committee.

Mr. MITCHELL. Thank you, Mr. Chairman. May I offer this document.

The CHAIRMAN. Without objection it is so ordered.

(The document referred to follows:)

NOVEMBER 2, 1960.

HAROLD TYLER, JR., Esq.,
Assistant to the Attorney General, Civil Rights Division,
Department of Justice, Washington, D.C.

DEAR MR. TYLER: Pursuant to our telephone conversation and my telegram of November 1, I am forwarding a copy of a news item from the Baltimore Sun of November 1.

As you can see from this news report, four colored employees of the Federal Reserve Bank of Atlanta were ejected from the Chattahoochee National Forest near Winfield Scott, Ga., on the ground that their safety could not be guaranteed in the park. The news report states that this forest property is under the jurisdiction of State law. The denial of access to this Federal property appears, therefore, to have occurred either pursuant to State law or to some official action by law enforcement officials. Under these circumstances, the denial of the right of entry on Federal property would constitute a violation of 18 U.S.C. 241 and 242. We, therefore, request that this incident be considered in the light of these statutes.

Over and above this violation of Federal law, this incident presents a fundamental constitutional problem. The national policy of nondiscrimination on Federal property is being challenged by invoking local law and/or custom to deny rights solely on the basis of racial discrimination.

We believe, therefore, that the Department of Justice should act immediately, not only in criminal prosecution but in civil action to vindicate the authority of the Federal Government to regulate the use of public land owned by it.

We would appreciate your advising us of any action taken.

Sincerely yours,

CLARENCE MITCHELL,
Director, Washington Bureau.

The CHAIRMAN. Anything else to be put before the committee?

The committee will stand in recess until tomorrow morning at 10 o'clock here in this room.

(Whereupon, at 4:35 p.m., the committee recessed subject to the call of the Chair.)

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