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NOMINATIONS OF THOMAS HAL CLARKE AND CARTER L. BURGESS

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HEARING

BEFORE THE

COMMITTEE ON BANKING AND CURRENCY
UNITED STATES SENATE

NINETY-FIRST CONGRESS

FIRST SESSION

ON

THE NOMINATIONS OF THOMAS HAL CLARKE TO BE A MEMBER OF THE FEDERAL HOME LOAN BANK BOARD, AND CARTER L. BURGESS TO BE AN INCORPORATOR OF THE CORPORATION AUTHORIZED BY SECTION 902(a) OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

JULY 28, 1969

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NOMINATIONS OF THOMAS HAL CLARKE AND CARTER L. BURGESS

MONDAY, JULY 28, 1969

U.S. SENATE,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D.C.

The committee met at 10:07 a.m., in room 5302, New Senate Office Building, Senator John Sparkman (chairman of the committee) presiding.

Present: Senators Sparkman, Proxmire, Hughes, Bennett, and Percy.

The CHAIRMAN. Let the committee come to order, please.

We have before us this morning, nominations for two positions. One of them is Thomas Hal Clarke of Georgia to be a member of the Federal Home Loan Bank Board for the term expiring June 30, 1973, to fill the vacancy of Michael Greenbaum, who has retired.

We have the approval of both Senator Russell and Senator Talmadge of Georgia.

Mr. Clarke, will you come around, please, and Senator Talmadge. We are glad to have you both.

STATEMENT OF HERMAN E. TALMADGE, U.S. SENATOR FROM THE STATE OF GEORGIA

Senator TALMADGE. Mr. Chairman, and members of the committee, it gives me a great deal of pleasure to appear here with Mr. Clarke this morning, and present him to the committee. I have known him a long time. As a matter of fact, he had the good judgment to marry a daughter of one of our closest friends and neighbors down in Lovejoy, Ga.

I may say also, I am authorized to speak for Senator Russell.

Mr. Clarke is eminently qualified, in our judgment, by training, education, experience, background, and integrity, to serve in the position for which the President nominated him, and we urge the committee's favorable approval.

The CHAIRMAN. Thank you very much, Senator Talmadge. We are very glad to have that endorsement.

Mr. Clarke, we have your biographical sketch. That will be made a part of the record.

(The biographical sketch of Mr. Clarke follows:)

BIOGRAPHICAL SKETCH OF THOMAS HAL CLARKE

Born in Atlanta, Georgia, August 10, 1914.

Son of James Caleb and Mary DeSaussure Clarke.

Education: Public schools in Atlanta, graduating from Boys High School. Washington & Lee University, Lexington, Virginia, for both prelaw and law. LL.B. degree, 1938.

Military: U.S. Naval Reserve Officer in World War II, serving in American, European, and Pacific Theatres. Discharged Lieutenant, Senior Grade, October, 1946.

Profession: Member of law firm—Mitchell, Clarke, Pate & Anderson. Except for further study and World War II Naval duty, have practiced law continuously in Atlanta since being admitted to the Georgia Bar in 1939.

Member of Atlanta Bar Association; Georgia Bar Association; American Bar Association; American Law Institute; Council of Section of Corporation, Banking and Business Law of the American Bar Association; American Judicature Society; Lawyers Club of Atlanta; Trustee, Atlanta Lawyers Foundation, Inc; Patron of International Bar Association; Seldon Society; Atlanta Historical Society, Inc.; Atlanta Branch, English Speaking Union; Expressway Committee, Atlanta Chamber of Commerce; Piedmont Driving Club; Commerce Club; First Presbyterian Church of Atlanta; Board of Trustees, The Presbyterian Home, Inc.

Board of Directors: Atlanta Federal Savings and Loan Association; Roy D. Warren Company, Inc.; Title Company of Georgia; Can-Car, Inc.; Landmarks Group, Inc.

Past President or Chairman of Lawyers Club of Atlanta; Atlanta Branch, English Speaking Union; Atlanta Historical Society, Inc.; Savings and Loan Committee of the Section of Corporation, Banking and Business Law of the American Bar Association; Chairman, Georgia Savings and Loan League Attorneys' Committee; Chairman, United States Savings and Loan League Attorneys' Committee.

Married Mary Louise Hastings, Lovejoy, Georgia, 1951.

Children: Thomas Hal Clarke, Jr.; Mary Catherine Clarke; Rebecca DeSaussure Clarke.

The CHAIRMAN. I shall ask you a few questions. I have looked over your experience, and have had the pleasure of talking with you already.

You have a very impressive record. One that seems to me fully qualifies you for the job to which you have been nominated. I also received your financial statement, and as I explained to you privately, it will be available to members of this committee here in the committee offices. Then it will be sealed and placed in the confidential file, in a locked file here in the committee room as long as you hold this job, and for 1 year thereafter.

I also have the statement signed by Mr. Arthur W. Leibold, Jr., General Counsel of the Federal Home Loan Bank Board, certifying that he has examined your statement, and that he finds no conflict of interest. You agree with his statement, I presume?

Mr. CLARKE. Yes, Senator.

The CHAIRMAN. You don't know of any conflict of interest?

Mr. CLARKE. No, sir.

The CHAIRMAN. Senator Proxmire?

Oh, may I say also that I have a telegram from Norman Strunk, executive vice president of the U.S. Savings and Loan League, endorsing the nomination of Mr. Clarke. Without objection, that will be made a part of the record.

(A copy of the telegram follows:)

Hon. JOHN SPARKMAN,
New Senate Office Building, Washington, D.C.:

We are very pleased to endorse the nomination of Thomas Hal Clarke to the Federal Home Loan Bank Board. His knowledge and experience will enable him to serve on this important post with distinction.

Sincerely,

NORMAN STRUNK,
Executive Vice President,
U.S. Savings & Loan League.

Senator PROXMIRE. I have no questions for Mr. Clarke.

I think it is a fine nomination. I do hope, Mr. Clarke, that you do recognize the very, very great need for housing, and particularly for financing housing effectively.

You, together with your colleagues on the Board, have the biggest responsibility for assuring that we get that kind of financing for housing. Our most serious economic problem in this country in addition to inflation, is the shortage of housing. Your agency can do more to help us solve that problem, than any other.

The CHAIRMAN. Senator Percy?

Senator PERCY. I have no questions, Mr. Chairman.

I would only like to indicate that Senator Goodell is unable to be here, but casts a favorable vote. We are very delighted to have a man of Mr. Clarke's reputation and his fine accomplishment as a member of the Federal Home Loan Bank Board.

Mr. CLARKE. Thank you.

The CHAIRMAN. Thank you very much.

Oh, I'm sorry. Senator Hughes?

Senator HUGHES. No questions, Mr. Chairman, but I want to wish Mr. Clarke well. I think his is an excellent nomination. Hopefully he can help us in seeing, as Senator Proxmire said, that some of these acute problems can be met.

Thank you.

The CHAIRMAN. Thank you.

Now that statement by Senator Hughes prompts me to say something, its probably not necessary, but I am a great believer in the savings and loan associations as is every member of this committee. I think our record in the past shows that.

I still think that savings and loan associations operate for the purpose of taking in the savings of people in the community and aiding them to provide homes.

I can remember back in the years past when I didn't think there was much life in the savings and loan associations throughout the country. But I am pleased to see that over the years the condition has improved tremendously, partly because of legislation that we have enacted and partly on account of the policies established and actions taken by the Home Loan Bank Board. And the various banks throughout the country working closely with savings and loan associations.

I just want to bespeak a continuation of a policy that will enable savings and loan associations to continue to do the very fine job that they have been doing in the past. They are a vital part of our financial structure and help us work toward some of these ambitious housing goals that we have set, which are not too big.

We ought to achieve them. We need to achieve them. If we don't, we are not going to meet our responsibility in providing housing for American families.

Senator Bennett?

Senator BENNETT. I had the privilege of meeting Mr. Clarke and I am very much impressed with his credentials and will be very happy to have the committee confirm him for this position.

The CHAIRMAN. Dr. Martin, do you have something to say? I didn't realize we did have a brief statement from you before us. We would be very glad for you to present it and add whatever remarks you wish in connection with this nomination.

STATEMENT OF PRESTON MARTIN, CHAIRMAN, FEDERAL HOME LOAN BANK BOARD

Dr. MARTIN. Thank you Mr. Chairman.

I would like to avail myself of the opportunity of endorsing the nomination by President Nixon of Mr. Thomas Hal Clarke of Atlanta, Ga., to be a member of the Federal Home Loan Bank Board.

I know Mr. Clarke, I know his activities in the legal profession, his extensive work in, and contributions to savings and loan law. His unselffish attitude toward the community and public service, I think, would be crowned by favorable action by this committee and by the Senate to permit him to make the contribution which I know he is capable of to the housing of this country and to the supervision of the savings and loan industry serving those housing needs.

The CHAIRMAN. Thank you very much.

Any questions?

We wish you well, Mr. Clarke.

Mr. CLARKE. Thank you, Mr. Chairman.

The CHAIRMAN. We hope to be seeing you often.

For the record, on Mr. Clarke, I failed to say that the National League of Insured Savings Associations has called endorsing Mr. Clarke, and now I have just received a letter from them.

I will give that to the reporter for the record under Mr. Clarke's hearings.

(The letter from the National League of Insured Savings Associa tions and the statement of Mr. Martin follow:)

STATEMENT OF PRESTON MARTIN, CHAIRMAN, FEDERAL HOME LOAN BANK BOARD

Mr. Chairman and Members of the Committee, I am pleased to endorse the nomination by President Richard M. Nixon of Thomas Hal Clarke, of Atlanta, Georgia, to be a Member of the Federal Home Loan Bank Board. I know Mr. Clarke and have deep respect for his abilities as an attorney and as a Past Chairman of the Savings and Loan Committee of the American Bar Association. His unselfish attitude toward community and public service would be crowned by this proposed Government service. I am certain that he will make a significant contribution to the Federal Home Loan Bank Board during his tenure, which has already characterized my other colleague, Board Member Carl O. Kamp, Jr., of Missouri.

Mr. Clarke's profession as an attorney will give the Board a most diversified professional-managerial background. His confirmation will provide the three-man Board consisting of an attorney, a savings and loan management executive, and myself, an economist. I believe that each Member is a generalist, but that a Board so diversified is well equipped to deal with the many aspects of credit, supervision, and savings account insurance related to the critical problems of financing adequate housing for all of our citizens.

I heartily endorse the nomination of Mr. Clarke and, if I may presume to do so, would urge this Committee and the Senate to act favorably on his nomination.

NATIONAL LEAGUE OF
INSURED SAVINGS ASSOCIATIONS,
Washington, D.C., July 28, 1969.

Hon. JOHN SPARKMAN,
Chairman, Committee on Banking and Currency,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The National League of Insured Savings Associations endorses the nomination of Mr. Thomas Hal Clarke as a member of the Federal Home Loan Bank Board.

In my opinion, Mr. Clarke's background and experience will enable him to be of valuable assistance to the Federal Home Loan Bank Board as a member.

Sincerely,

KENNETH G. HEISLER,
Executive Director.

The CHAIRMAN. We also have the nomination of Mr. Carter L. Burgess of New York, to be an incorporator of the corporation authorized by section 902A of the Housing and Urban Development Act of 1968.

Mr. Burgess, would you come around, please?

I have a letter signed by Senator Javits and also by Senator Goodell endorsing Mr. Burgess and strongly recommending him. This will be made a part of the record.

(The letter is reprinted as follows:)

U.S. SENATE,
Washington, D.C., July 25, 1969.

Hon. JOHN J. SPARKMAN,
Chairman, Banking and Currency Committee,
New Senate Office Building,
Washington, D.C.

DEAR MR. CHAIRMAN: We understand that Carter L. Burgess will appear before the Senate Banking and Currency Committee on Monday, July 28th, for a hearing on his nomination by President Nixon to the position of Chairman of the Board and Chief Executive Officer of the National Corporation for Housing Partnerships.

Mr. Burgess is well known to us and has served with distinction in many capacities including the positions of President and Director of Trans World Airlines and of the American Machine and Foundry Company, and most recently as Chairman of the Board and Chief Executive Officer of American Machine and Foundry. Mr. Burgess' previous government service includes service as Assistant Secretary of Defense for Manpower and Ambassador to Argentina.

It is indeed fortunate that Mr. Burgess' talents will be available for this important assignment, and we urge the Committee to favorably report his nomination to the Senate for confirmation.

Sincerely,

JACOB K. JAVITS,
CHARLES E. GOODELL.

The CHAIRMAN. Senator Javits hoped to be here in person, also.

Mr. Burgess, we are glad to have you.

First let me refer you to the question that we ask all nominees, and that is with reference to conflict of interest. Do you have any holdings or any property, any interest that would conflict in any way with the matters that would come before you in the job to which you are named?

Mr. BURGESS. Mr. Chairman, I have given to the firm of Wilmer, Cutler & Pickering in this city, the outside general counsel for the Corporation, a complete list of my holdings and those of my immediate family and they have rendered an opinion, of which I have a copy to deliver to you, sir. An incorporator, director or officer of the National

Corporation for Housing Partnerships is not a public official or an officer or employee of the United States. Here, the Federal conflict of interest laws are not applicable to such persons.

However, I am offering to the committee in this folder, a complete listing of my holdings, so that your usual procedures may be followed.

The CHAIRMAN. Very well.

Mr. BURGESS. Should I hand these to you?

The CHAIRMAN. Yes. Will you please do so.

Mr. BURGESS. There is also a letter from me, which indicates one holding that is outside of the custodial and trust accounts held for me by the First National City Bank of New York.

The CHAIRMAN. You heard my statement when Mr. Clarke was here, as to the disposition we make of this?

Mr. BURGESS. Yes, sir.

The CHAIRMAN. Now, let me ask you, Mr. Burgess, to give us some idea as to just what it is you are going to do. This is a rather new thing, you know. I would like to know what your thoughts are regarding this position.

Mr. BURGESS. Mr. Chairman, it is a very new thing to me, too, sir.

As you recall, in the 1968 Housing Act, among other provisions there was the enactment of the National Corporation for Housing Partnerships which was designed to encourage the interest of American industry in this very critical field of low- and moderate-income housing.

It is our purpose in this period of incorporation to try to develop a prospectus which can be offered to American industry in turn for their interest and their investment of some $50 million which, when tied into the various provisions that have been made available by this Congress for low and moderate housing, should draw both the interest and the investment of American industry in this critical national economic problem.

I have been asked to take the chairmanship of this enterprise subject to your nomination and joining with me is Ray Watt, who has been a very successful homebuilder in the West. With his experience in the housing field, and with my period of years in American industry, we hope that we can put the law into practice, and into operation this partnership, and with this investment, and over the early periods of this present decade, will try to add at least 130,000 houses to the low- and moderate-income housing goal and, pending on the success of that mission, to add other objectives to that first 130,000.

The CHAIRMAN. I certainly hope you will be successful. As I said, it was a new venture, and we are looking forward with a great deal of interest, to seeing it in operation.

Mr. BURGESS. Thank you.

The CHAIRMAN. Senator Proxmire?

Senator PROXMIRE. You have a very impressive background, Mr. Burgess. It seems you have exactly the kind of background desirable for this position.

You were president of TWA?

Mr. BURGESS. Yes, sir; for a very short time.

Senator PROXMIRE. Chairman and chief executive officer of the American Machine & Foundry Co.?

Mr. BURGESS. For some 11 years, first as director, then as president and then chairman.

Senator PROXMIRE. Of course, this job that you take on, you take on at a very difficult time. Extremely challenging and difficult circumstances. Not only in terms of what is to be done and what hasn't been done, but also in terms of just what has happened here in Congress in the last few weeks.

I would like your reaction for us, I think it would be helpful, to know at least what this Senator should do, with regard to the proposal, proposed changes in depreciation allowances by the House Ways and Means Committee.

Do these seriously impair the national housing partnership proposal?

Mr. BURGESS. Senator, I am not totally acquainted with just where that change stands at this moment. On the basis of some of the changes that I have heard that might be considered, I think they could be very injurious to the objectives of title IX and injurious to all privately sponsored federally assisted housing.

I think the thing the Congress has to look at is that whatever is on the books and whatever is in development today, that there is a slip in the low and moderate field and with the huge goal that is out ahead, this is perhaps not the time to be weakening or reducing the incentives in this field of interest, but at least hold on to them until later experiments do or don't work.

I would hope that in the case of low and moderate housing and in the case of this partnership that we hold on to the advantages that were rendered in the 1968 act and prior to the 1968 act, and let us have a period of experience here before we change in the downward direction those incentives that yet still haven't produced the volume and increase in housing in the low and moderate field that you gentlemen desire.

Senator PROXMIRE. The real incentive for investing is the rapid depreciation; isn't it?

Mr. BURGESS. It is.

Senator PROXMIRE. The fact you can write off housing in 10 years.

Mr. Burgess. I believe it is 10 years, or even faster.

Senator PROXMIRE. And, of course, I understand that this has some inequitable implications, but unless we can find some substitute for it, it is always hard to appropriate the money, even though that might be a more direct and explicit way of making your decision—we know how hard it is to do that.

Mr. BURGESS. I would hope in the low and moderate field that the tax incentives offered and the funding requested to meet this general goal of—I believe it is 6 million houses for low and moderate over the next 10 years, or less—not be changed until the various advantages or the various programs enunciated in the 1968 act be given a full chance to operate.

Senator PROXMIRE. Thank you, sir.

Thank you, Mr. Chairman.

The CHAIRMAN. Going back to this action by the House Ways and Means Committee—I presume it is still tentative—it is my understanding that what they propose to do would affect the depreciation allowance on existing building, but not new buildings.

Is that your understanding?

Mr. BURGESS. I think it applies to new buildings, Mr. Chairman. At least at one stage it did.

A staff committee report, as I understand it, proposed actions that might affect the whole range of housing and low and moderate would not have been excluded as I recall the report. Just where the consideration is at this precise moment, I think, that a better eye is being placed on low and moderate in their total consideration.

The CHAIRMAN. Thank you. Senator Bennett?

Senator BENNETT. Mr. Chairman, I have the privilege of working with Mr. Burgess a number of times during his service in Government, and have been very much impressed with him. I think we are fortunate to have a man of his ability take on this responsibility. In a way I don't know why he did it. He is a glutton for punishment.

Mr. BURGESS. There are days when I have varying degrees of happiness, Senator.

The CHAIRMAN. Senator Percey.

Senator PERCY. Mr. Chairman, Senator Goodell wishes to be recorded enthusiastically in favor of this nomination.

I have been privileged to know Carter Burgess in the Business Council for a number of years, and I know the high esteem in which he is held by his colleagues.

He needs to be, in this job, a good administrator, and he is a proven administrator of high excellence. He will have to be a convincing salesman. He has been in the past for many causes and many businesses. This is, I think, as Senator Proxmire says, one of the toughest times to come in and divert needed resources, money particularly, into this kind of field. I don't know of anyone better qualified. You also certainly need to know a great deal about Government. He has tremendous experience there.

I congratulate the administration on attracting him to this job, and I think we will find a concept that we tried to embody in legislation would be fully carried out by a man of eminent qualifications for this job.

I am very happy to have him take it on.

Mr. BURGESS. Thank you.

The CHAIRMAN. We have your biographical sketch. That will be printed in the record, as a part of the proceedings.

(The information follows:)

BIOGRAPHICAL SKETCH OF CARTER L. BURGESS

Born Roanoke, Va., December 31, 1916.

B.A., Virginia Military Institute.

Married May Gardner Smith; children: Jane (Mrs. James L. Wiley, Jr.), Mary, Nan, Sue, Beth, and Carter L.

Assistant to the president, Trans World Airline, Washington, 1946–47; assistant to president, director administration, General Aniline & Film Corp., New York City, 1947–53; assistant to president, University of South Carolina, 1953–54; Assistant Secretary, Department of Defense for Manpower, from 1954–57, consultant for the UN, Department of State, ODM, Defense, White House and U.S. Senate; president, director Trans World Airlines, Inc., 1957; president and director, American Machine & Foundry Co., 1958, now chairman of board and chief executive officer; director American Airlines, Morgan Guaranty Trust Co., Ford Motor Co.

Served from second lieutenant to colonel, secretary, General Staff, SHAEF, AUS, 1941–45. Decorated Legion of Merit; L'Ordre de Leopold with palm, Croix le Guerre with palm (Belgium); Order British Empire; Legion of Honor, Croix de Guerre with palm (France); U.S. Department of Defense and Army highest civilian awards.

Home: New York.

STATEMENT OF THE NATIONAL CORPORATION FOR HOUSING PARTNERSHIPS, WASHINGTON, D.C.

Carter L. Burgess, chairman and chief executive officer of the National Corporation for Housing Partnerships, has more than 20 years' experience in top management of major corporations.

In addition to his business management experience, Burgess also has held a variety of high level positions in the U.S. Government. He was recently U.S. Ambassador to Argentina and from 1954 to 1957 was Assistant Secretary of Defense for Manpower. Born in Roanoke, Va., on December 31, 1916, he entered military service after graduating from the Virginia Military Institute in 1939.

After his discharge from the Army in 1945 as colonel and secretary of the SHAEF General Staff in Europe, Burgess entered the Department of State and served as Deputy Executive Secretary of the International Secretariat during the founding United Nations Conference. From 1946 through 1953, he served in various management capacities with Trans World Airlines and with General Aniline & Film Corp.

After leaving Government service in 1957, Burgess served as president of Trans World Airlines and then chairman and chief executive officer of American Machine & Foundry Co., prior to his service in Argentina.

He is a director of American Airlines and a member of the Business Council.

In the field of public service, Mr. Burgess is a trustee of the George C. Marshall Foundation and the National Trust for Historic Preservation. Among his honors are honorary doctor of laws degrees from the University of South Carolina and William Jewell College and an honorary doctor of engineering degree from Worcester Polytechnic Institute.

The parents of five daughters and a son, Burgess and his wife reside in Pelham Manor, N.Y.

The CHAIRMAN. It is very good to have you Mr. Burgess. Good to see you take over this position, which I agree with my colleagues, is a difficult job.

But we wish you well.

Mr. BURGESS. I take it with my eyes wide open, Mr. Chairman.

The CHAIRMAN. We hope you will come before us, before too long and keep us advised as to the progress you make.

Mr. BURGESS. I am at your service.

The CHAIRMAN. Thank you very much.

(Whereupon, at 10:30 a.m., the hearing was adjourned.)

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