

benefits and the earnings limitation should reflect the spiraling cost of living.

The President has proposed to increase the earnings limitation from \$1,680 to \$1,800 a year—undoubtedly a step in the right direction. However, there has been a precipitous rise in the cost of living since the last social security increase was enacted in the fall of 1967.

My proposal would not only offset the recent rise in the consumer price index; but it would also make up for past instances when cost of living increases were not matched by increases in the earnings limitation—and it would effectively cover some of the additional cost of living increases that will likely be visited upon these fixed-income Americans before the Social Security Act is again amended in the future.

Mr. President, we must realize that people now reaching age 65 have usually had the advantage of better health care than prior generations of social security recipients—a fact that is contributing to a longer life span and the ability of people to continue with some kind of work after retirement. This generation of social security recipients is also likely to have acquired more skills during their working years than did the last generation. We need to preserve those skills, and to encourage people to work, rather than to penalize them for working.

We must also realize that, since the minimum wage has risen, the social security recipient now reaches the earnings limitation in less time than ever before. Thus, at a time when he needs most to work to supplement inadequate benefits,

he is severely penalized and limited in doing so.

Ideally, Mr. President, the earnings limitation—or retirement test, as it is sometimes called—should be repealed. But I am advised that this is not economically feasible, as it would cost several billions of dollars.

The ceiling of \$2,400 which I propose would, I believe, exempt most of the earnings for those people who must work to supplement their social security benefits. At the same time, of course, it would be less expensive than abolishing the limitation. Under my proposal, the annual cost would be an estimated \$1.3 billion.

I hope that Congress will decide to go beyond the President's recommendation and set the earnings limitation at \$2,400 a year. It seems clear to me that such a change would more realistically meet the needs of so many Americans.

We cannot justify asking a great many of our social security recipients—people who played a large part in building America into the world's most affluent society—to subsist below the norm.

ADJOURNMENT

Mr. BYRD of West Virginia. Mr. President, if there be no further business to come before the Senate, I move in accordance with the previous order that the Senate stand in adjournment until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 56 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, October 22, 1969, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate October 21, 1969:

U.S. ADVISORY COMMISSION ON INTERNATIONAL EDUCATIONAL AND CULTURAL AFFAIRS

The following-named persons to be members of the U.S. Advisory Commission on International Educational and Cultural Affairs for terms expiring May 11, 1972:

David R. Derge, of Indiana, vice Dr. Joseph R. Smiley, term expired.

Jewel LaFontant, of Illinois, vice Dr. Pauline Tompkins, term expired.

William C. Turner, of Arizona, vice Dr. Walter Adams, term expired.

U.S. ATTORNEY

William C. Lee, of Indiana, to be U.S. attorney for the northern district of Indiana for the term of 4 years vice Alfred W. Moelnering.

U.S. MARSHAL

Andrew J. F. Peeples, of Florida, to be U.S. marshal for the middle district of Florida for the term of 4 years vice John E. Maguire, Sr.

Anthony E. Rozman of Michigan to be U.S. marshal for the eastern district of Michigan for the term of 4 years vice Orville H. Trotter, term expired.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 21, 1969:

NATIONAL LIBRARY OF MEDICINE

William O. Baker, of New Jersey, to be a member of the Board of Regents, National Library of Medicine, Public Health Service, for a term of 4 years from August 3, 1969.

Jack Malcolm Layton, of Arizona, to be a member of the Board of Regents, National Library of Medicine, Public Health Service, for a term expiring August 3, 1973.

HOUSE OF REPRESENTATIVES—Tuesday, October 21, 1969

The House met at 12 o'clock noon.

Rev. Ronald W. Carter, Riverlawn Christian Church, Wichita, Kans., offered the following prayer:

Father, I come to You today to ask Your blessing upon this meeting. I know, Father, that You know each of these men, that You know their names, that You know their addresses, that You know their families, that You know all about them; so, Father, help each man, no matter what his duty here today, to remember that he is an American; an American with a heritage to be proud of; an American with a present to be concerned about, and an American with a future to prepare for. So bless each man, Father, and give him wisdom, courage, national pride, and perhaps, even tears, that he might do everything to keep America always a land of the free and the home of the brave. In Jesus' name I ask it. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is

requested, bills of the House of the following titles:

H.R. 9946. An act to authorize and direct the Secretary of Agriculture to quitclaim retained rights in certain tracts of land to the Board of Education of Lee County, S.C.; and

H.R. 11702. An act to amend the Public Health Service Act to improve and extend the provisions relating to assistance to medical libraries and related instrumentalities, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 1181. An act to provide for potato and tomato promotion programs;

S. 2264. An act to amend the Public Health Service Act to provide authorization for grants for communicable disease control and vaccination assistance; and

S. 2452. An act to amend section 211 of the Public Health Service Act to equalize the retirement benefits for commissioned officers of the Public Health Service with retirement benefits provided for other officers in the uniformed services.

REV. RONALD W. CARTER

(Mr. HALL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HALL. Mr. Speaker, it is my privilege and honor to associate myself with the invocation of Rev. Ronald

W. Carter, the young man who offered the invocation in our Chambers this morning.

Reverend Carter is the son of Mr. and Mrs. Winston Carter of Carthage, Mo., whom it is my pleasure to represent in the Congress.

Reverend Carter is a graduate of the Ozark Bible College in Joplin, Mo., which is also located in the Seventh Congressional District of Missouri.

He was named third honor student, as well as class orator of his 1968 graduating class.

At the present time, Reverend Carter is minister of the Riverlawn Christian Church of Wichita, Kans. His equally young and most attractive lady is from Indiana.

I commend this young man on accepting the call to Christian service; I also commend his father and mother—seated in the gallery today—for obviously creating a Christian home which has helped prepare him for duty in the church.

In the words of Luke:

A good man brings good out of the treasure of good things in his heart. For a man's mouth speaks what his heart is full of.

Mr. SHRIVER. Mr. Speaker, will the gentleman yield?

Mr. HALL. I yield to the gentleman from Kansas.

Mr. SHRIVER. Mr. Speaker, the opening prayer today was offered by Rev.

Ronald W. Carter, minister of the Riverlawn Christian Church in Wichita, Kans. I am proud that he now is a constituent of mine in the Kansas Fourth Congressional District, and serving as spiritual leader of a fine congregation.

This morning he has provided us with an inspirational prayer in keeping with the serious times in which we live. I commend Reverend Carter for his dedication and service to Christianity and to the needs of his congregation.

Ever since the Pilgrim Fathers knelt on the deck of the *Mayflower* 350 years ago, it has been the sacred and valued civil right of citizens in America to worship and give thanks to God.

I am proud that the House of Representatives opens each day's proceedings with a prayer, and it is reassuring indeed to have a young minister such as Reverend Carter lead us in prayer.

Mr. ROUDEBUSH. Mr. Speaker, will the gentleman yield?

Mr. HALL. I yield to my distinguished colleague, the gentleman from Indiana (Mr. ROUDEBUSH).

Mr. ROUDEBUSH. Mr. Speaker, I wish to associate myself with the remarks by our distinguished colleague, the Honorable DURWARD G. HALL, of Missouri.

The opening prayer today was offered by the Reverend Ronald W. Carter, of Carthage, Mo.

Reverend Carter's wife is from Indiana, and she and her parents, Mr. and Mrs. Dale Storms, rural route 5, Kokomo, Ind., are in the gallery today for the session.

I commend Reverend Carter for his work in the ministry and the appropriate tenor and delivery of his prayer here today.

A graduate of Ozark Bible College, in Joplin, Mo., Reverend Carter presently serves as minister of the Riverlawn Christian Church of Wichita, Kans.

He also served for 3 years as minister of the Christian Church, at Liberal, Mo.

I believe my colleague, the gentleman from Missouri (Mr. HALL), will agree that in addition to his excellent education and experience, Reverend Carter showed an uncommon amount of intelligence and foresight by marrying a girl from the State of Indiana.

PROVIDING FOR CONSIDERATION OF JOINT RESOLUTION MAKING CONTINUING APPROPRIATIONS, 1970

Mr. MAHON. Mr. Speaker, I ask unanimous consent that it may be in order any day next week for the House to consider a joint resolution making continuing appropriations for the fiscal year 1970.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. GROSS. Reserving the right to object, Mr. Speaker, can we be given something of a firmer date than "any time next week"? That, it seems to me, is a little flexible.

Mr. MAHON. I have been thinking in terms of bringing it up on Monday next

so that the other body would have more time to consider the matter before the present continuing resolution expires on October 31. However, I did not want to tie ourselves to any one certain day. The request is that it be in order on any day next week to bring the matter before the House. If it is not Monday, then I would hope it would be Tuesday. We will confer with the leadership on the precise time.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas? There was no objection.

IN DEFENSE OF THE SPEAKER

(Mr. SIKES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIKES. Mr. Speaker, the front page of today's Washington Post carries a headline entitled "Speaker's Friend Got Stock Option." In the body of the article in the third paragraph, the statement is made:

There is no indication that McCORMACK was involved in the case.

The question naturally arises, why link the Speaker's name with the case? Undoubtedly, each of us has friends who have held stock options. This is a normal part of business practice. Apparently, the Post, which is an ultraliberal publication, is simply seeking to discredit the Speaker of the House of Representatives because of personal bias or through resentment at the fact that as a presiding officer he is scrupulously fair both to liberals and to conservatives. Unfortunately, the Supreme Court of the United States has ruled that public figures may be libeled at will with complete immunity from libel laws. This does not alter the considerations of decency, something completely lacking in the way this case is reported.

JOHN McCORMACK is a kindly, courteous, and honest gentleman. He is one of the finest and fairest of presiding officers, and his personal life is an example of scrupulous integrity. I am proud of my friendship for JOHN McCORMACK and I deplore the underhanded effort which is afoot in some quarters to reflect upon his great name.

COAL MINE HEALTH AND SAFETY

(Mr. HECHLER of West Virginia asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HECHLER of West Virginia. Mr. Speaker, when the coal mine health and safety bill is considered, I shall offer the following amendments:

First, to abolish the Federal Coal Mine Health and Safety Board of Review, a special-interest board of private individuals who would have power to veto safety and penalty orders by responsible officials in the Department of the Interior;

Second, to measure coal dust during one shift, instead of averaging the measurement over several shifts as the bill

now provides. If the averaging method is used, a "cleanup" shift can be rushed in to bring the average down;

Third, to require the Secretary of Health, Education, and Welfare to set medically acceptable coal dust standards which protect the health of the miner, instead of being forced to raise coal dust standards to meet pressure from considerations other than health;

Fourth, to require that electrical equipment in gassy mines be made safe and spark-proof in 15 months instead of the 28 months after enactment of the bill, which is now in the House bill; to eliminate the open ended, indefinite waiver which the bill now provides for all so-called nongassy mines, large and small, enabling such mines to keep dangerous electrical equipment for an indefinite period if spark-free equipment is not "available"; to require that even the smallest so-called nongassy mines get their electrical equipment house in order within 3 to 4 years;

Fifth, to protect miners against losing their jobs or being discriminated against for reporting health and safety violations;

Sixth, to provide criminal penalties for deliberate violations of closing orders in all cases;

Seventh, to provide for autopsies with consent of next of kin;

Eighth, to give miners the right to sue, accompanied by trial by jury, in the case of mine accidents;

Ninth, to control the noise level in coal mines; and

Tenth, to allow a miner who shows the incipient stages of pneumoconiosis to request to be reassigned to an area where the coal dust level is no more than 1.0 milligram per cubic meter of air.

APPOINTMENT OF CONFEREES ON H.R. 12982, DISTRICT OF COLUMBIA REVENUE ACT OF 1969

Mr. McMILLAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 12982) to provide additional revenue for the District of Columbia, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina? The Chair hears none, and appoints the following conferees: Messrs. McMILLAN, ABERNETHY, DOWDY, CABELL, NELSEN, HARSHA, BROYHILL of Virginia, and HOGAN.

PERMISSION FOR SUBCOMMITTEE NO. 5, COMMITTEE ON THE JUDICIARY, TO SIT DURING GENERAL DEBATE OCTOBER 22, AND FOR SUBCOMMITTEE NO. 4, COMMITTEE ON THE JUDICIARY, TO SIT DURING GENERAL DEBATE TODAY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that Subcommittee No. 5 of the Committee on the Judiciary may sit during general debate on October 22, and that Subcommittee No. 4 of the Committee on the Judiciary may sit during general debate today.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first individual bill on the Private Calendar.

JOHN VINCENT AMIRAULT

The Clerk called the bill (H.R. 2552) for the relief of John Vincent Amirault. Mr. HALL. Mr. Speaker, I ask unanimous consent that this bill be passed without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

REFERENCE OF CLAIM OF JESUS J. RODRIGUEZ

The Clerk called House Resolution 86, referring the bill (H.R. 1691) to the Chief Commissioner of the Court of Claims.

Mr. HALL. Mr. Speaker, I ask unanimous consent that this resolution be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

MRS. BEATRICE JAFFE

The Clerk called the bill (H.R. 1865) for the relief of Mrs. Beatrice Jaffe.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

AMALIA P. MONTERO

The Clerk called the bill (H.R. 6375) for the relief of Amalia P. Montero.

Mr. HUNT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

VISITACION ENRIQUEZ MAYPA

The Clerk called the bill (H.R. 6389) for the relief of Visitacion Enriquez Maypa.

Mr. HALL. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

YAU MING CHINN (GON MING LOO)

The Clerk called the bill (S. 1438) for the relief of Yau Ming Chinn (Gon Ming Loo).

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

CAPT. MELVIN A. KAYE

The Clerk called the bill (H.R. 1453) for the relief of Capt. Melvin A. Kaye.

Mr. HUNT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

ROBERT G. SMITH

The Clerk called the bill (H.R. 3723) for the relief of Robert G. Smith.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

MRS. RUTH BRUNNER

The Clerk called the bill (H.R. 9488) for the relief of Mrs. Ruth Brunner.

Mr. HALL. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

MRS. IRENE G. QUEJA

The Clerk called the bill (S. 564) for the relief of Mrs. Irene G. Queja.

Mr. HUNT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

FAVORING THE SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

The Clerk called the concurrent resolution (S. Con. Res. 33) favoring the suspension of deportation of certain aliens.

Mr. HUNT. Mr. Speaker, I ask unanimous consent that this concurrent resolution be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

DELILAH AURORA GAMATERO

The Clerk called the bill (H.R. 2817) for the relief of Delilah Aurora Gamatero.

Mr. HALL. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

MRS. SABINA RIGGI FARINA

The Clerk called the bill (H.R. 3629) for the relief of Mrs. Sabina Riggi Farina.

Mr. HALL. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

PLACIDO VITERBO

The Clerk called the bill (H.R. 3955) for the relief of Placido Viterbo.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

WILLIAM PATRICK MAGEE

The Clerk called the bill (H.R. 9001) for the relief of William Patrick Magee.

Mr. HUNT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

WILLIAM D. PENDER

The Clerk called the bill (S. 901) for the relief of William D. Pender.

Mr. HALL. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

MRS. ROSE THOMAS

The Clerk called the bill (H.R. 2302) for the relief of Mrs. Rose Thomas.

Mr. HALL. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

MILOYE M. SOKITCH

The Clerk called the bill (H.R. 3571) for the relief of Miloye M. Sokitch.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

CONFERRING JURISDICTION ON CLAIM OF PHILIP J. FICHMAN

The Clerk called the bill (H.R. 10658) conferring jurisdiction upon the U.S. Court of Claims to hear, determine, and render judgment upon the claim of Philip J. Fichman.

Mr. HUNT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

RAYMOND C. MELVIN

The Clerk called the bill (S. 632) for the relief of Raymond C. Melvin.

There being no objection, the Clerk read the bill, as follows:

S. 632

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of clause (1) of section 2733 of title 10, United States Code, and any regulations promulgated pursuant to such clause, the Secretary of the Army is authorized to receive, consider, settle, and pay any claim filed under such section within six months after the date of enactment of this Act by Raymond C. Melvin, of Burlington, Vermont, for permanent physical injury suffered by him as a result of the accidental explosion of a blasting cap allegedly left by United States Army personnel in an area near a military housing development where children were known to play and which was found by said Raymond C. Melvin on July 4, 1964, while playing in such area.

With the following committee amendment:

Page 1, line 4, strike "2733" and insert "2733(b)".

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. DONOHUE

Mr. DONOHUE. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DONOHUE: On page 2, line 3, strike "July 4, 1964" and insert "or about July 6, 1964"

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CAPT. WILLIAM O. HANLE

The Clerk called the bill (S. 882) for the relief of Capt. William O. Hanle.

Mr. HUNT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

REFERENCE OF CLAIMS OF BRANKA MARDESSICH AND SONIA S. SILVANI

The Clerk called House Resolution 498, to refer the bill (H.R. 4498) entitled "A bill for the relief of Branka Mardessich and Sonia S. Silvani" to the Chief Commissioner of the Court of Claims pursuant to sections 1492 and 2509 of title 28, United States Code.

Mr. HUNT. Mr. Speaker, I ask unanimous consent that this resolution be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

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MRS. BARBARA K. DIAMOND

The Clerk called the bill (H.R. 2963) for the relief of Mrs. Barbara K. Diamond.

There being no objection, the Clerk read the bill, as follows:

H.R. 2963

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That sections 15 to 20, inclusive, of the Federal Employees' Compensation Act are hereby waived in favor of Mrs. Barbara K. Diamond, San Francisco, California, and her claim for compensation for the death of her husband, Morris Diamond, a former employee of the Bureau of Land Management, Department of the Interior, who died in Denver, Colorado, on March 7, 1957, shall be acted upon under the remaining provisions of such Act if she files such claim with the Bureau of Employees' Compensation, Department of Labor, within six months after the date of enactment of this Act. No benefits shall accrue by reason of the enactment of this Act for any period prior to the date of enactment.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BERT N. ADAMS AND EMMA ADAMS

The Clerk called the bill (H.R. 7567) for the relief of Bert N. Adams and Emma Adams.

Mr. HALL. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

MR. AND MRS. JOHN F. FUENTES

The Clerk called the bill (H.R. 11500) for the relief of Mr. and Mrs. John F. Fuentes.

Mr. HALL. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

ROSE MINUTILLO

The Clerk called the bill (H.R. 12089) for the relief of Rose Minutillo.

Mr. HUNT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

IRVING M. SOBIN CO., INC., AND/OR IRVING M. SOBIN CHEMICAL CO., INC.

The Clerk called the bill (H.R. 1782) for the relief of Irving M. Sobin Co., Inc., and/or Irving M. Sobin Chemical Co., Inc.

Mr. HUNT. Mr. Speaker, I ask unanimous consent that this bill is passed over without prejudice.

The SPEAKER. Is there objection to

the request of the gentleman from New Jersey?

There was no objection.

MR. AND MRS. WONG YUI

The Clerk called the bill (S. 92) for the relief of Mr. and Mrs. Wong Yui.

Mr. HUNT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

DUG FOO WONG

The Clerk called the bill (S. 2019) for the relief of Dug Foo Wong.

Mr. HALL. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

KONG WAN NOR

The Clerk called the bill (H.R. 5936) for the relief of Kong Wan Nor.

There being no objection, the Clerk read the bill, as follows:

H.R. 5936

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 203(a)(2) and 204 of the Immigration and Nationality Act, Kong Wan Nor shall be held and considered to be the natural born alien child of Mr. and Mrs. Jo-Yum Kong, lawfully admitted resident aliens in the United States: Provided, That the natural parents or brothers or sisters of the beneficiary shall not, by virtue of such parentage, relationship, be accorded any rights, privilege, or status under the Immigration and Nationality Act.

With the following committee amendments:

On page 1, line 8, after the words "natural parents" insert "or brothers or sisters".

On page 1, line 9, after the word "such" strike out the word "parentage" and insert in lieu thereof the word "relationship".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TIMOTHY L. ANCRUM (ALSO KNOWN AS TIMMIE ROGERS)

The Clerk called the bill (H.R. 3590) for the relief of Timothy L. Ancrum (also known as Timmie Rogers).

Mr. HUNT. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

ELGIE L. TABOR

The Clerk called the bill (H.R. 9591) for the relief of Elgie L. Tabor.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Elgie L. Tabor (Lieutenant colonel, United States Air Force, retired, FV 573 538) of San Antonio, Texas, is relieved of liability to the United States in the amount of \$2,499.22, representing overpayments of active duty pay received by the said Elgie L. Tabor for the period ending November 25, 1966, as a result of an administrative error which, through no fault of his own, occurred to crediting him with certain service in the Texas National Guard.

Sec. 2. (a) The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Elgie L. Tabor an amount equal to the aggregate of the amounts paid by him, or withheld from sums otherwise due him, with respect to the indebtedness to the United States specified in the first section of this Act.

(b) No part of the amount appropriated in subsection (a) of this section in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this subsection shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

With the following committee amendments:

Page 1, lines 7 and 8, strike "ending November 25, 1966," and insert "from January 20, 1943, through January 9, 1960, inclusive,".

Page 2, line 8, strike "in excess of 10 per centum thereof".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REFERENCE OF CLAIM OF JOHN S. ATTINELLO

The Clerk called House Resolution 533, to refer the bill (H.R. 3722) entitled "A bill for the relief of John S. Attinello" to the Chief Commissioner of the Court of Claims pursuant to sections 1492 and 2509 of title 28, United States Code, as amended.

Mr. HUNT. Mr. Speaker, I ask unanimous consent that this resolution be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

PROVIDING FOR THE CONVEYANCE OF CERTAIN MINERAL RIGHTS IN AND UNDER LANDS IN PIKE COUNTY, GA.

The Clerk called the bill (H.R. 1706) to provide for the conveyance of certain mineral rights in and under lands in Pike County, Ga.

There being no objection, the Clerk read the bill, as follows:

H.R. 1706

Be it enacted by the Senate and House of Representatives of the United States of

America in Congress assembled, That all mineral interests which are now owned by the United States in the following described land are hereby quitclaimed to the owner or owners of the surface of the land:

All that tract or parcel of land situated, lying, and being in land lot 132 of the eighth land district of Pike County, Georgia, containing 1,642 acres of land, more or less, and being more particularly designated as "Tract B" on a plat of survey prepared by J. W. Oxford, Junior, registered land surveyor, dated April 27, 1965, and being recorded in Plat Book 2, Page 129, Clerk's Office, Superior Court, Pike County, Georgia, as follows:

Beginning at the point of intersection of the east boundary line of land lot 132 in the eighth land district of Pike County, Georgia, with the south right-of-way line of State Highway Numbered 18;

run thence in a northwesterly direction along the south right-of-way line of said Highway Numbered 18 a distance of 168.7 feet to a point marked by an iron stake and the real point of beginning;

run thence north 53 degrees 14 minutes west a distance of 194.5 feet to a point marked by an iron stake;

run thence south 1 degree 37 minutes west a distance of 881.4 feet to a point marked by an iron stake;

run thence north 88 degrees 31 minutes east a distance of 26.1 feet to a point marked by an iron stake;

run thence north 8 degrees 47 minutes east a distance of 469.9 feet to a point marked by an iron stake;

run thence north 15 degrees 25 minutes east a distance of 310.6 feet to a point marked by an iron stake, and the real point of beginning, all as shown on the aforesaid plat prepared by the said J. W. Oxford, Junior.

The within conveyed real estate is bounded now or formerly as follows: North by State Highway Numbered 18; west by lands of Tom Littleton; south by that public road known as the Campground Road, and east by lands of O. M. Littleton.

The grantee herein shall take by such conveyance the same estate in the minerals quitclaimed hereby, as he owns in the surface of the land described herein.

With the following committee amendments:

Page 3, strike out all of lines 4, 5, and 6.

Page 3, add a new section 2 reading as follows:

"Sec. 2. The provisions of section 1 of this Act shall become effective upon payment by the grantee of \$200 to reimburse the United States for the administrative costs of the conveyance, plus payment of the estimated fair market value of the minerals in such lands, if any."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. This concludes the call on the Private Calendar.

CALL OF THE HOUSE

Mr. HUNT. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

Arends	Findley	Morse
Ashley	Ford,	Morton
Bingham	William D.	O'Konski
Blackburn	Gallagher	Ottinger
Brooks	Garnatz	Passman
Burton, Utah	Goldwater	Powell
Cabell	Gray	Quie
Cahill	Hagan	Reid, Ill.
Carey	Halpern	Reid, N.Y.
Clark	Hays	Riegle
Clausen,	Holifield	Rivers
Don H.	Howard	Rodino
Clay	Jones, N.C.	Rosenthal
Corman	Jones, Tenn.	Ruppe
Culver	Karth	Sandman
Dawson	Kirwan	Scheuer
Devine	Landrum	Steiger, Wis.
Diggs	Lipscomb	Teague, Calif.
Dingell	Long, La.	Teague, Tex.
Dorn	McCarthy	Ullman
Downing	Macdonald,	Utt
Eckhardt	Mass.	Vanik
Edwards, Ala.	Martin	Watts
Eshleman	Mills	Whalley
Fascell	Minshall	

The SPEAKER. On this rollcall 360 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. COLMER. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

POLITICS CAST SHADOW OVER PRESIDENT'S NOVEMBER 3 ADDRESS

(Mr. FULTON of Tennessee asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FULTON of Tennessee. Mr. Speaker, recently spokesmen for the administration requested a 60-day moratorium on criticism of the administration's policies in and conduct of the Vietnam war.

When the announcement came, I agreed that any reasonable request which might lead Hanoi to negotiate seriously should be given careful consideration. It seemed to me that this was a reasonable request and I, for my part, agreed.

In the wake of the request comes news that President Nixon plans to make a major speech on his policies and conduct of the war November 3. The announcement of the speech was a shock and a disappointment. What inappropriate and partisan timing.

The President has scheduled his talk less than 24 hours before the polls open in at least five States where major general elections are to be held and where, in several cases, the war in Vietnam is an issue.

In New York, Vietnam is an issue in the mayor's election. Other elections include races for Governor in New Jersey and Virginia, a congressional seat in New Jersey and mayoralty elections in Detroit, Cleveland, and Pittsburgh.

The President is certainly not unmindful of the adverse political impact his policies have had in several special congressional elections this year in which opponents of his policies have emerged winners.

Is cooperation a two-way street in the administration's view?

Does the administration on the one hand feel that it is proper to ask for bipartisan support of a 60-day moratorium on policy criticism and, on the other hand, go to the public for discussion of these policies on the eve of major political elections?

Perhaps the President's advisers were not as aware as they might be of the impropriety of the timing of his speech. It is not too late to delay it 24 or 48 hours and this should be done if the administration does not want to give rise to a new and decisive credibility gap.

CONFERENCE REPORT ON S. 1689, CHILD PROTECTION AND TOY SAFETY ACT OF 1969

Mr. STAGGERS submitted the following conference report and statement on the bill (S. 1689) to amend the Federal Hazardous Substances Act to protect children from toys and other articles intended for use by children which are hazardous due to the presence of electrical, mechanical, or thermal hazards, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 91-581)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1689) to amend the Federal Hazardous Substances Act to protect children from toys and other articles intended for use by children which are hazardous due to the presence of electrical, mechanical, or thermal hazards, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"SECTION 1. This Act may be cited as the 'Child Protection and Toy Safety Act of 1969'.

"SEC. 2. (a) Section 2(f)(1) of the Federal Hazardous Substances Act (15 U.S.C. 1261(f)(1)) is amended by adding at the end thereof the following:

"(D) Any toy or other article intended for use by children which the Secretary by regulation determines, in accordance with section 3(e) of this Act, presents an electrical, mechanical, or thermal hazard."

"(b) Section 3 of such Act (15 U.S.C. 1262) is amended by adding at the end thereof the following new subsection:

"(e) (1) A determination by the Secretary that a toy or other article intended for use by children presents an electrical, mechanical, or thermal hazard shall be made by regulation in accordance with the procedures prescribed by section 553 (other than clause (B) of the last sentence of subsection (b) of such section) of title 5 of the United States Code unless the Secretary elects the procedures prescribed by subsection (e) of section 701 of the Federal Food, Drug, and Cosmetic Act, in which event such subsection and subsections (f) and (g) of such section 701 shall apply to the making of such determination. If the Secretary makes such election, he shall publish that fact with the proposal required

to be published under paragraph (1) of such subsection (e).

"(2) If, before or during a proceeding pursuant to paragraph (1) of this subsection, the Secretary finds that, because of an electrical, mechanical, or thermal hazard, distribution of the toy or other article involved presents an imminent hazard to the public health and he, by order published in the Federal Register, gives notice of such finding, such toy or other article shall be deemed to be a banned hazardous substance for purposes of this Act until the proceeding has been completed. If not yet initiated when such order is published, such a proceeding shall be initiated as promptly as possible.

"(3) (A) In the case of any toy or other article intended for use by children which is determined by the Secretary, in accordance with section 553 of title 5 of the United States Code, to present an electrical, mechanical, or thermal hazard, any person who will be adversely affected by such a determination may, at any time prior to the 60th day after the regulation making such determination is issued by the Secretary, file a petition with the United States Court of Appeals for the circuit in which such person resides or has his principal place of business for a judicial review of such determination. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary or other officer designated by him for that purpose. The Secretary shall file in the court the record of the proceedings on which the Secretary based his determination, as provided in section 2112 of title 28 of the United States Code.

"(B) If the petitioner applies to the court for leave to adduce additional evidence, and shows to the satisfaction of the court that such additional evidence is material and that there was no opportunity to adduce such evidence in the proceeding before the Secretary, the court may order such additional evidence (and evidence in rebuttal thereof) to be taken before the Secretary in a hearing or in such other manner, and upon such terms and conditions, as to the court may seem proper. The Secretary may modify his findings as to the facts, or make new findings, by reason of the additional evidence so taken, and he shall file such modified or new findings, and his recommendation, if any, for the modification or setting aside of his original determination, with the return of such additional evidence.

"(C) Upon the filing of the petition under this paragraph, the court shall have jurisdiction to review the determination of the Secretary in accordance with subparagraphs (A), (B), (C), and (D) of paragraph (2) of the second sentence of section 706 of title 5 of the United States Code. If the court ordered additional evidence to be taken under subparagraph (B) of this paragraph, the court shall also review the Secretary's determination to determine if, on the basis of the entire record before the court pursuant to subparagraphs (A) and (B) of this paragraph, it is supported by substantial evidence. If the court finds the determination is not so supported, the court may set it aside. With respect to any determination reviewed under this paragraph, the court may grant appropriate relief pending conclusion of the review proceedings, as provided in section 705 of such title.

"(D) The judgment of the court affirming or setting aside, in whole or in part, any such determination of the Secretary shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification, as provided in section 1254 of title 28 of the United States Code."

"(e) The proviso in section 2(q)(1) of such Act is amended by inserting 'or necessarily present an electrical, mechanical, or thermal hazard' after 'hazardous substance involved'.

"(d) Section 2 of such Act is amended by adding at the end thereof the following:

"(r) An article may be determined to present an electrical hazard if, in normal use or when subjected to reasonably foreseeable damage or abuse, its design or manufacture may cause personal injury or illness by electric shock.

"(s) An article may be determined to present a mechanical hazard if, in normal use or when subjected to reasonably foreseeable damage or abuse, its design or manufacture presents an unreasonable risk of personal injury or illness (1) from fracture, fragmentation, or disassembly of the article, (2) from propulsion of the article (or any part or accessory thereof), (3) from points or other protrusions, surfaces, edges, openings, or closures, (4) from moving parts, (5) from lack or insufficiency of controls to reduce or stop motion, (6) as a result of self-adhering characteristics of the article, (7) because the article (or any part or accessory thereof) may be aspirated or ingested, (8) because of instability, or (9) because of any other aspect of the article's design or manufacture.

"(t) An article may be determined to present a thermal hazard if, in normal use or when subjected to reasonably foreseeable damage or abuse, its design or manufacture presents an unreasonable risk of personal injury or illness because of heat as from heated parts, substances, or surfaces."

"Sec. 3. (a) Subparagraph 1(A) of section 2(f) of the Federal Hazardous Substances Act (15 U.S.C. 1261(f)(1)(A)) is amended by inserting 'or combustible' after 'flammable'.

"(b) Section 2(1) of such Act (15 U.S.C. 1261(1)) is amended—

"(1) by striking out 'and the term' and inserting in lieu thereof 'the term';

"(2) by inserting before the semicolon the following: ', and the term "combustible" shall apply to any substance which has a flash point above eighty degrees Fahrenheit to and including one hundred and fifty degrees as determined by the Tagliabue Open Cup Tester';

"(3) by inserting 'or combustibility' after 'flammability'; and

"(4) by inserting ', "combustible," after the terms "flammable".'

"(c) Section 2(p)(1)(E) of such Act (15 U.S.C. 1261(p)(1)(E)) is amended by inserting "'Combustible,'" after "'Flammable,"'

"Sec. 4. (a) The Federal Hazardous Substances Act is amended by redesignating sections 15, 16, 17, and 18 as sections 16, 17, 18, and 19, respectively, and by inserting after section 14 the following new section:

"REPURCHASE OF BANNED HAZARDOUS SUBSTANCES

"SEC. 15. (a) In the case of any article or substance sold by its manufacturer, distributor, or dealer which is a banned hazardous substance (whether or not it was such at the time of its sale), such article or substance shall, in accordance with regulations of the Secretary, be repurchased as follows:

"(1) The manufacturer of any such article or substance shall repurchase it from the person to whom he sold it, and shall—

"(A) refund that person the purchase price paid for such article or substance,

"(B) if that person has repurchased such article or substance pursuant to paragraph (2) or (3), reimburse him for any amounts paid in accordance with that paragraph for the return of such article or substance in connection with its repurchase, and

"(C) if the manufacturer requires the return of such article or substance in connection with his repurchase of it in accordance with this paragraph, reimburse that person for any reasonable and necessary expenses incurred in returning it to the manufacturer.

"(2) The distributor of any such article or substance shall repurchase it from the person to whom he sold it, and shall—

"(A) refund that person the purchase price paid for such article or substance,

"(B) if that person has repurchased such article or substance pursuant to paragraph (3), reimburse him for any amounts paid in accordance with that paragraph for the return of such article or substance in connection with its repurchase, and

"(C) if the distributor requires the return of such article or substance in connection with his repurchase of it in accordance with this paragraph, reimburse that person for any reasonable and necessary expenses incurred in returning it to the distributor.

"(3) In the case of any such article or substance sold at retail by a dealer, if the person who purchased it from the dealer returns it to him, the dealer shall refund the purchaser the purchase price paid for it and reimburse him for any reasonable and necessary transportation charges incurred in its return.

"(b) For the purposes of this section, (1) the term 'manufacturer' includes an importer for resale, and (2) a dealer who sells at wholesale an article or substance shall with respect to that sale be considered the distributor of that article or substance."

"(b)(1) Subsection (a) of the section of such Act redesignated as section 18 is amended by striking out 'section 18' and inserting in lieu thereof 'section 19'.

"(2) The section of such Act redesignated as section 19 is amended by striking out 'section 16(b)' and inserting in lieu thereof 'section 17(b)'.

"Sec. 5. The amendments made by this Act shall take effect on the sixtieth day following the date of the enactment of this Act."

And the House agree to the same.

HARLEY O. STAGGERS,
JOHN E. MOSS,
JOHN M. MURPHY,
WILLIAM L. SPRINGER,
HASTINGS KEITH,

Managers on the Part of the House.

FRANK E. MOSS,
PHILIP HART,
JOHN PASTORE,
JAMES B. PEARSON,
CHARLES GOODELL,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1689) to amend the Federal Hazardous Substances Act to protect children from toys and other articles intended for use by children which are hazardous due to the presence of electrical, mechanical, or thermal hazards, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute. The Senate recedes from its disagreement to the amendment of the House, with an amendment which is a substitute for both the Senate bill and the House amendment. The conference substitute is in large part the same as the House amendment. The differences between the House amendment and the substitute agreed to in conference are noted below except for minor technical and clarifying changes made necessary by reason of the conference agreement.

In this statement of managers, the Secretary of Health, Education, and Welfare is referred to as the Secretary, the Federal Hazardous Substances Act is referred to as the Act, and toys or other articles intended for use by children are referred to as children's articles.

SHORT TITLE

The Senate bill's short title was "Toy Safety Act of 1969", and the short title in the House amendment was "Child Protection of 1969".

The short title of the conference substitute—"Child Protection and Toy Safety Act of 1969"—combines the short titles of the bill and amendment.

PROCEDURAL REQUIREMENTS FOR REGULATION OF CHILDREN'S ARTICLES THAT PRESENT ELECTRICAL, MECHANICAL OR THERMAL HAZARDS [SECS. 2(A) AND (B)]

The amendments to the Act made by subsections (a) and (b) of section 2 of the Senate bill provided a one-step regulation process to exclude from the market children's articles presenting electrical, mechanical, or thermal hazards. If the Secretary determined in accordance with the informal rulemaking requirements (notice and opportunity for submission of views) of section 553 of title 5 of the United States Code that a children's article presented an electrical, mechanical, or thermal hazard, then, under the amendment made by subsection (a), that article would be covered by the Act as a hazardous substance. Furthermore, that article would also be covered by the Act as a banned hazardous substance (and thus excluded from the market) because of the amendment made by subsection (b) of the Senate bill to the definition in the Act of banned hazardous substance and also because under that definition in existing law a children's article "which is a hazardous substance" is a banned hazardous substance.

Thus, under the Senate bill, a children's article determined to be a hazardous substance (and consequently a banned hazardous substance) because of an electrical, mechanical, or thermal hazard could be marketed only if it met the requirements of the exception provided for articles the functional purpose of which require the inclusion of such a hazard (e.g., wood burning sets).

Subsection (b) of the Senate bill also changed existing law with respect to children's articles which are hazardous substances under existing law to require that before such articles could be treated as banned hazardous substances, the Secretary would have to make a specific regulatory determination (under section 553 of title 5, United States Code) that the article was such a hazardous substance.

Under the provisions of the amendments made to the Act by subsections (a) and (b) of section 2 of the House amendment, control of the marketing of children's articles which present electrical, mechanical, or thermal hazards was a two-step process. First, if a children's article presented such a hazard, it would be a hazardous substance by operation of law and it could be marketed only if the labeling requirements of the Act were met. To classify such an article as a banned hazardous substance (and thus exclude it from commerce permanently) the Secretary was required to make a finding (in accordance with the formal rulemaking requirements of section 701 of the Federal Food, Drug, and Cosmetic Act) that the public could be adequately protected only by excluding the article from the market. However, pending completion of that formal rulemaking proceeding such an article could be excluded from commerce if the Secretary found that its distribution presented an imminent hazard to the public health and safety. No specific procedural requirements were provided for such finding other than giving notice of such finding by an order published in the Federal Register.

The conference substitute provides a one-step regulation process to control the marketing of children's articles which present electrical, mechanical, or thermal hazards. That is, only one proceeding (to determine if the article is a hazardous substance) is required to exclude the article from the market. However, the Secretary may exclude such an article from the market for a limited period either before or during the required proceeding if he finds that its distribution

presents an imminent hazard to the public health and safety.

Subsection (a) of section 2 of the conference substitute amends the definition of hazardous substance in the Act to include children's articles which the Secretary by regulation determines present electrical, mechanical, or thermal hazards. As noted above, a determination that a children's article is a hazardous substance automatically makes it a banned hazardous substance since the definition of that term in section 2(q)(1)(A) of the Act includes any children's article "which is a hazardous substance."

A new subsection (e) added to section 3 of the Act by subsection (b) of section 2 of the substitute prescribes the procedure that the Secretary must follow in making a regulation determining that a children's article is a hazardous substance because of an electrical, mechanical, or thermal hazard. Under paragraph (1) of the new subsection, the determination is to be made in accordance with the informal rulemaking requirements of section 553 of title 5 of the United States Code unless the Secretary elects to follow the formal rulemaking requirements of subsection (e) of section 701 of the Federal Food, Drug, and Cosmetic Act. However, it is provided that if the Secretary proceeds under such section 553, he may not dispense with the sections initial procedural requirements as is authorized in the section in cases where notice and other procedures are found to be impracticable, unnecessary, or contrary to the public interest. If the Secretary determines that action must be taken quickly, he can issue a "stop order" under the provisions authorized by paragraph (2) of the new subsection.

Paragraph (2) of the new subsection provides that if the Secretary makes a finding that the distribution of such an article presents an imminent hazard to the public health and safety, such article shall be deemed to be a banned hazardous substance until a proceeding to determine if it is a hazardous substance is completed. A finding of "imminent hazard" may be made either before or during any such proceeding and does not have to be made in accordance with any specific procedural requirements (other than giving notice of such finding by publication of an order in the Federal Register). If it is made before such a proceeding, then such a proceeding must be started as promptly as possible. The "stop order" authorized by this paragraph applies, moreover, regardless of whether such proceeding is conducted under the informal rulemaking requirements of section 553 of title 5, United States Code, or the formal rulemaking requirements of section 701(e) of the Federal Food, Drug, and Cosmetic Act.

Paragraph (3) of the new subsection provides for judicial review of a determination of the Secretary that a children's article is a hazardous substance because of an electrical, mechanical, or thermal hazard if such determination is made by a regulation prescribed in accordance with section 553 of title 5, United States Code. (If the determination is made in accordance with subsection (e) of section 701 of the Federal Food, Drug, and Cosmetic Act, it would be reviewable under subsections (f) and (g) of such section 701 which are incorporated in the conference substitute by reference for application in such cases.)

The judicial review afforded by this paragraph where the section 553 procedure is followed is similar to the review authorized by section 105 of the National Traffic and Motor Vehicle Safety Act of 1966.

Under paragraph (3) of the new subsection, any person who will be adversely affected by a determination of the Secretary (made in accordance with the section 553 procedure) may, before the sixtieth day after

the regulation making such determination is issued, seek review in the United States court of appeals for the circuit in which such person resides or has his principal place of business. The court is authorized, upon request, to require that additional evidence (and evidence in rebuttal thereof) be taken before the Secretary in a hearing or in such other manner, and upon such terms and conditions, as to the court may seem proper, if such person shows to the satisfaction of the court that the additional evidence is material and that there was no opportunity to produce it in the proceeding before the Secretary. The court may, in accordance with section 706(2) of title 5, United States Code, set aside the Secretary's determination if it finds that it (1) is arbitrary, capricious, or otherwise not in accordance with law, (2) is contrary to constitutional right, power, and privilege, or immunity, (3) is in excess of statutory jurisdiction, authority, or limitation, or short of statutory right, or (4) was made without observance of procedure required by law. In addition, if during the course of the review under this paragraph additional evidence was ordered to be taken, the court may set aside the Secretary's determination if it finds that on the basis of the entire record before the court, including the record initially filed with the court, the determination is unsupported by substantial evidence. Pending the conclusion of any review proceeding initiated under the new paragraph (3), the court may grant appropriate relief (such as a stay of the effect of the Secretary's determination) as provided in section 705 of title 5 of the United States Code.

Subsection (c) of the conference substitute amends the proviso in section 2(q) (1). That proviso provides that in the case of children's articles that are, contain, or bear a hazardous substance, the Secretary shall by regulation provide that they will not be covered by the Act as a banned hazardous substance if the article's functional purpose requires the inclusion of the hazardous substance involved and if they are adequately and effectively labeled. The amendment to the proviso makes it clear that children's articles the functional purpose of which requires the inclusion of an electrical hazard, mechanical hazard, or thermal hazard may be marketed under regulations of the Secretary if the article bears labeling giving adequate direction and warnings for safe use and if the article is intended for use by children who have attained sufficient maturity, and may reasonably be expected, to read and heed such direction and warning.

OTHER PROVISIONS

The provisions of the conference substitute which define the terms electrical hazard, mechanical hazard, and thermal hazard are identical to the provisions of the House amendment defining those terms. The definition of mechanical hazard in the House amendment and the conference substitute was designed to assure that, together with the definitions of electrical and thermal hazards, this definition would cover any type of hazard presented by a children's article that is not already covered by existing law. For example, children's articles which generate damagingly high noise levels could be covered under the Act by that definition.

The other provisions of the conference substitute are also identical to the House amendment. Those provisions (1) include within the coverage of the Act combustible articles, (2) provide for the repurchase of banned hazardous substances, and (3) provide an effective date.

HARLEY O. STAGGERS,
JOHN E. MOSS,
JOHN M. MURPHY,
WILLIAM L. SPRINGER,
HASTINGS KETTE,

Managers on the Part of the House.

APPOINTMENT OF CONFEREES ON S. 2276, EXTENDING CLEAN AIR ACT

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2276) to extend for 1 year the authorization for research relating to fuels and vehicles under the provisions of the Clean Air Act, with a House amendment thereto, insist on the House amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia? The Chair hears none, and appoints the following conferees: Messrs. STAGGERS, JARMAN, ROGERS of Florida, SATTERFIELD, SPRINGER, NELSEN, and CARTER.

HOUSING AND URBAN DEVELOPMENT ACT OF 1969

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 580 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 580

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 13827) to amend and extend laws relating to housing and urban development, and for other purposes, and all points of order against lines 19 and 20 on page 20, lines 13 through 22 on page 21, and lines 11 through 16 of the committee amendment on page 40 are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule by title instead of by section. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of H.R. 13827, the Committee on Banking and Currency shall be discharged from the further consideration of the bill S. 2864, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and insert in lieu thereof the provisions contained in H.R. 13827 as passed by the House.

The SPEAKER. The gentleman from Indiana (Mr. MADDEN) is recognized for 1 hour.

Mr. MADDEN. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATA), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 580 provides an open rule with 3 hours of general debate for consideration of H.R. 13827 to extend and amend laws relating to housing and urban development and for other purposes.

This bill is the omnibus housing bill for this year and is needed to provide authorizations to continue our housing programs into fiscal year 1971 and to

extend FHA mortgage insuring authority. While the four titles in the bill affect nearly all of our programs in this field, it appears to be relatively noncontroversial and was reported from the Committee on Banking and Currency unanimously. It is important that it be acted on promptly so that the administration will know the authorizations available when it plans for its budget request for next year.

In its testimony before the Committee on Rules, the Committee on Banking and Currency stated that there are no new major programs provided for in this bill reflecting the fact that the extensive acts of 1968 and other recent years created programs which are still being put into effect and perfected. Here are the major provisions in H.R. 13827.

The first title deals with mortgage credit and FHA insurance. It extends to next October the basic insuring authority of the Federal Housing Administration which would otherwise expire on January 1. The bill would make an upward adjustment of 10 percent in maximum FHA mortgage amounts to reflect the rise in construction and land costs in recent years and would authorize a modest reduction in downpayments on homes priced between \$20,000 and \$25,000 to bring them more in line with the low downpayments required on lower priced homes. It would also authorize an additional \$25 million for interest subsidy payments under the section 235 homeownership program and the section 236 rental housing program to reflect higher construction costs and higher interest rates over the past year.

Title II of the bill covers urban renewal and public housing. This title would authorize \$2 billion in urban renewal grant authority for fiscal year 1971, which is a modest increase over the \$1,750,000,000 authorized for this year. It also provides that 35 percent of this amount be reserved for neighborhood development programs. It includes a provision, which many Members have been concerned about, extending for 1 year the eligibility period for noncash grant-in-aid credit under urban renewal to take account of the delay in Federal funding of NDP and other urban renewal projects. Another section removes the controversial income ceiling on low interest rehabilitation loans in urban renewal areas imposed last year but retains a priority for lower income borrowers. This title also authorizes some flexibility in the public housing contribution formula which was requested by the Administration. This flexibility will make possible some further aid for those local authorities which are now threatened with bankruptcy because rental income is so low they cannot meet operating expenses. Finally, this title authorizes an additional \$150 million for the program of 3-percent direct loans for housing for the elderly to help meet the backlog of applications which HUD now has on hand.

Title III of the bill covers model cities and metropolitan development programs. The principal provision is the authorization to appropriate \$750 million next year for the model cities program.

It also extends existing unused appropriation authority for several other programs including urban planning grants, the open space program, and water and sewer grants. It also authorizes the appropriation of an additional \$100 million for water and sewer grants.

The last title of the bill covers a number of miscellaneous provisions, the most important of which is a committee amendment which would make flood insurance promptly available to property owners threatened by floods and hurricanes. The basic program enacted last year has been slow to go into effect because of the time required to set local premium rates. This bill would make it possible for property owners to buy this coverage now with Federal assistance for a 2-year period while rate studies are going on. Title IV also includes a number of perfecting amendments to farm housing programs designed to make possible substantial increase in this financing.

Mr. Speaker, this bill is generally similar to the Senate housing bill which passed that body recently—S. 2864. The basic difference is that the Senate bill covers a 2-year period while H.R. 13827 is a 1-year bill. While it is relatively small, as housing bills go, it is needed to keep our housing and urban development programs going and to perfect those programs. I urge the adoption of the rule.

Mr. Speaker, I now yield to the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Speaker, I agree with the remarks just made by my friend from Indiana.

I might say that the authorizations contained in the bill total \$3,074,000,000 for fiscal 1971; \$200,000,000 is authorized for fiscal 1970—the last is for increases in current programs covering housing for the elderly and those to improve and upgrade currently existing housing in low-income areas.

Of the \$3,074,000,000 authorized for fiscal 1971, the major programs covered are: urban renewal, \$2,000,000,000; and, model cities, \$750,000,000.

The bill also makes changes in the organic law covering a number of housing-assistance programs, all aimed at making more and better housing facilities available. Among these are: First, a liberalization of FHA downpayment requirements to insure that low- and middle-income families will not be priced out of the housing market by rising prices; second, an increase in the mortgages which may be insured on mobile homes, and; third, an increase in contract authority for homeowner assistance payments to upgrade existing housing under section 235 of the Housing Act.

The committee report notes that with respect to the urban renewal programs, a backlog of requests from cities now equals nearly \$2,000,000,000. The additional funding authorizations of \$2,000,000,000 is necessary beginning with fiscal 1971 to continue this program. Thirty-five percent of the funds made available will be reserved for funding neighborhood development programs as opposed to downtown redevelopment.

The model cities program is authorized

for fiscal 1971 at \$750,000,000. At present 35 cities are receiving grant assistance and 150 more have received planning assistance. These 150 cities will soon begin to receive grant assistance under the program.

A number of programs which would otherwise expire at the end of fiscal 1970, and for which funds remain unexpended, are extended for 1 more year without any further authorizations. These include: Grants for open spaces, urban beautification and historic preservation, advanced land acquisition, grants for public facilities in new communities, and grants for the neighborhood facilities program.

The bill also extends through fiscal 1971 the existing program for grants for water and sewer facilities construction and authorizes an additional \$100,000,000.

Mr. Speaker, it seems to me that this additional amount of \$100 million is totally insufficient to meet the needs in this area. We debated an appropriation bill just recently where we tripled the request of \$214 million for such construction to \$600 million. I might observe that HUD seems to be doing a good job in allocating this fund to the areas of need and should be authorized to increase its efforts.

I think the committee should give some consideration during the consideration of this bill today and perhaps, if we go into tomorrow on this bill, to increasing this \$100 million authorization substantially.

The bill adds a new provision to existing law with respect to flood insurance assistance. The Secretary of Housing and Urban Development is directed to implement the flood insurance program on an emergency basis during the 2-year period ending December 31, 1971. Insurance could be offered to flood-prone areas during this period while the long-term, permanent program is made operational. The existing flood insurance pool created by the Government and the insurance companies would be utilized. Rates would be set by the Secretary.

Finally, the bill authorizes the Federal Home Loan Bank Board to set maximum rates of interest for home mortgages on single-family dwellings in those few States which do not have statutory ceilings. This would eliminate the arbitrary 8-percent ceiling, an area that was touched upon while this bill was before the Rules Committee.

Also, there is a question of the crisis that this Nation faces in the housing industry or that part of the housing industry dependent upon conventional financing. Every Member knows that our banks and the savings and loan institutions back home do not have the money to loan to build homes with conventional financing.

Mr. Speaker, I certainly hope this great committee will give some consideration to this area of need. I have discussed this matter with the chairman of the subcommittee, the distinguished gentleman from Pennsylvania (Mr. BARRETT), and he acknowledged the tremendous need which exists here. Therefore, I hope this great subcommittee of

the Committee on Banking and Currency, will give some real attention to this matter before we are faced with a recession in the housing industry.

Mr. Speaker, I say in conclusion that this resolution waives points of order against lines 16 through 21 on page 20 of the bill for the reason that a revolving fund is created and on lines 16 through 21 on page 21 and to lines 11 through 16 on page 40 for the reason that we have a transfer of funds.

Mr. MADDEN. Mr. Speaker, I move the previous question on the resolution. The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 13827) to amend and extend laws relating to housing and urban development, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Texas.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 13827, with Mr. FLOOD in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Texas (Mr. PATMAN) will be recognized for 1½ hours, and the gentleman from New Jersey (Mr. WIDNALL) will be recognized for 1½ hours.

Before the Chair recognizes the gentleman from Texas, we understand the ground rules when this Chairman presides. The Chair has requested the House employees to be withdrawn from the floor, with the exception of one man from each side of the aisle. The Chair has asked the chiefs of the whips to advise those in those quarters that we want them to be quiet. The Chair expects the Members to understand that this debate will be conducted as they want it conducted. As their Chairman, the Chair expects the aisles to the right and left, which as a rule represent the most trouble, to be cleared. The gentlemen who are at the rail will also understand that we expect no undue activity there.

The Chair recognizes the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the bill before us—H.R. 13827—is very important legislation and necessary to continue our programs in the field of housing and urban development through the next fiscal year. It also makes important improvements in existing law to help those programs function more effectively and help us meet our national housing goals.

Important as this bill is, it should be stated that it is not designed to be a cure-all. In particular, it is not aimed at the

most critical problem in housing today; that of high interest rates and the shortage of mortgage credit. The Committee on Bank and Currency has bills pending before it and is now conducting hearings on this extremely difficult problem and is working hard to find solutions to tight money which has forced many home buyers out of the market, has reduced home building activities sharply, and is doing serious damage to our entire economy. We will not be able to make substantial progress toward meeting the goal of 26 million additional homes over the next 10 years as set forth in the 1968 Housing Act until this fundamental problem is overcome. However, we must continue our basic programs of housing assistance for low-income families and aid to towns and cities to improve living conditions and eliminate slums. This is the purpose of H.R. 13827.

Mr. Chairman, the Committee on Banking and Currency has worked hard on the bill before us and has produced legislation which was approved unanimously by our Committee on Banking and Currency. The Subcommittee on Housing held 3 weeks of hearings on administration proposals and related bills and then considered this legislation in 5 days of executive session. H.R. 13827 embodies the subcommittee recommendations. In its executive session the full Committee on Banking and Currency generally approved H.R. 13827 and added several additional amendments. The most important of these additional amendments is the emergency flood insurance program intended to activate immediately the basic flood insurance program authorized in last year's Housing Act.

FEDERAL HOUSING ADMINISTRATION PROGRAM

Mr. Chairman, this is an uncomplicated bill which contains four titles in contrast to the 17 titles in last year's Housing Act. The first title deals mainly with the Federal Housing Administration program of mortgage insurance. It would extend until next October FHA's basic mortgage insuring authority which, under existing law, would expire on January 1. This includes both the FHA programs for lower income families and its regular programs for those in the middle-income range. While the shortage of mortgage funds has held down the level of activity under FHA, this program is basic to our efforts to meet our national housing goals and hopefully will show a rising rate of activity over the next year. This title also clarifies the authority of the Government National Mortgage Association to buy mortgages on low-income housing under FHA programs at par and resell them at market prices. This provision is designed to meet the problem of nonprofit sponsors of rent supplement and interest subsidy projects who have no resources with which to pay discounts. It is only a very limited answer to the problems posed by the point system which can only be overcome for all home buyers and housing sponsors through a reduction in interest rates and an increase in the supply of credit. However, the committee felt that it was urgent that action be taken to make par

financing available for FHA programs designed especially for lower income families.

Mr. Chairman, attention should also be called to the language in the report expressing the committee's dissatisfaction with the failure of the administration to put into effect the important provision of the 1968 act authorizing the sale of mortgage-backed securities to help tap new sources of mortgage money such as pension funds. These funds now do not generally invest in home mortgages because they prefer the convenience of bond investments which have a fixed schedule of retirement without handling costs. The assets of these funds exceed \$200 billion but their present mortgage holdings account for only about one-tenth of that amount. Properly implemented these mortgage-backed securities, which under the law would carry a Government guarantee, could greatly expand the supply of mortgage credit. It is important that the Department of Housing and Urban Development use this authority to provide the kind of security which will be attractive to pension funds.

Another statement in the committee report points to the availability of prompt relief in the current mortgage credit crisis through the use of existing authority for FHA and VA mortgage purposes under the special assistance program. The Government National Mortgage Association—GNMA—created by the 1968 Housing Act has \$2 billion authorized by the Congress to aid housing programs through mortgage purchases, particularly the highly successful program of 3-percent loans for rental and cooperative housing for moderate income families. The Secretary of Housing and Urban Development has stated his desire to stimulate housing construction and meet our housing needs. One step that he could take immediately to accomplish that would be to put these funds to use.

URBAN RENEWAL AND PUBLIC HOUSING

Title II of the bill covers the urban renewal program and public housing. The bill would authorize an additional \$2 billion for urban renewal for fiscal year 1971. This is urgently needed in view of the fact that we already have a backlog of applications of approximately \$2 billion; new applications of about \$2 billion, and new applications are still coming in at a high rate. Your committee felt that this was the minimum amount needed to take care of both the pressing needs of larger cities and assure that adequate funds will be available for our smaller towns and cities. The bill does not provide for any additional units of public housing since existing authorization is sufficient to carry that program through next year. However, it does provide \$20 million in annual contribution authority to be used for the rehabilitation of older projects. Some of these projects are now 30 years old and others were built shortly after World War II when shortages of material hampered construction. Improvement of this housing will give it a new lease on life so that it can continue to serve low-income families.

This title also includes an additional \$150 million for the very successful and popular program of 3-percent loans for housing for the elderly. When the administration allowed this program to run out of funds this spring it had on hand \$200 million in applications and additional sponsors were in the process of preparing further applications. HUD told these sponsors that in the future they would have to use section 236 interest subsidies. In enacting section 236 last year it was contemplated that it would eventually replace direct loan programs but only when it was put in full operation and adequately funded. This has not yet happened and in view of the shortage of assistance funds and the tremendous need for housing for the elderly and other low- and moderate-income families, it is important that we make full use of all of our programs in this field.

The committee heard many complaints that the complexity and higher costs of FHA section 236 housing would block efforts to provide these units for older people at rents which they could afford. The committee therefore added this additional authorization and in view of the present upward pressure on construction and land costs and the lack of alternative mortgage financing, it is important that the Department make them available promptly for senior citizen housing.

MODEL CITIES AND METROPOLITAN DEVELOPMENT

Mr. Chairman, title III of the bill covers model cities and metropolitan development. It would authorize the appropriation of \$750 million for model cities grants in fiscal year 1971. This is the amount requested by the previous administration for the current fiscal year. That request was reduced 10 percent by the present administration and the House-passed bill has made a further reduction—to \$500 million. The model cities program is intended to concentrate the full range of existing programs for housing, health, education, and job training in neighborhoods of greatest need. Already 150 cities have been approved for planning under this program and more towns and cities are making application. These funds will make it possible for them to carry out their programs.

The bill also has an amendment to the model cities program reflecting the experience gained so far in the planning phase. Many smaller communities have seriously blighted areas in need of the model cities program. However, many small towns cannot usefully employ the large number of Federal grant programs used in larger cities, and, since existing law limits model city grants to 80 percent of the local share of the cost of Federal programs being used, their communities do not have an adequate base for meaningful model cities grants. In order to enable them to receive the full benefit of the programs, the bill would provide that up to 10 percent of the funds made available for these grants could be used in smaller towns without being bound by this formula.

Other provisions of title III would extend for 1 year a number of programs for

which additional funds are not needed. These include the comprehensive planning program, open space, urban beautification, and the historic preservation program and the supplement grants for public facilities and new communities.

This title would also extend for 1 year the present authorization for water and sewer grants and would add \$100 million to the amount which could be appropriated for this program. It is highly regrettable that the water and sewer program has never been fully funded because this is one of the most urgent needs of communities throughout the country. Hopefully increased funds will be appropriated for these grants so that we can begin to make inroads on the tremendous backlog of need in this field.

FLOOD INSURANCE AND RURAL HOUSING

The fourth, and last, title of the bill includes two very important sections. The first is designed to make federally aided flood insurance promptly available to property owners. The 1968 Housing Act authorized a new program to make flood insurance available to homeowners under a partnership between Government and private industry. The private insurance companies have responded well to this permanent program which calls on them to pledge capital against the possibility of disaster losses. However, that program has a technical problem because this private participation depends on the establishment of precise actuarial premium rates for each community and for different parts of these communities depending on the risk involved.

The committee was deeply concerned to hear that now, 1 year later, this insurance so badly needed in areas exposed to flooding and hurricanes is available in only three places in the entire country. The committee therefore adopted an amendment authorizing the Department of Housing and Urban Development to make this insurance available promptly for a 2-year period with losses during that time to be borne by the premium payments paid by property owners and Federal payments as needed. Meanwhile the actuarial studies, for which Congress has already appropriated funds, will be carried out and at the end of that time the permanent program will take over.

Another very important section in this title is designed to expand and improve our existing programs in the field of rural housing. While the spotlight is usually on urban slums and blight, the fact is that more than half of the substandard housing in the country is in rural areas. There is an urgent need to increase our efforts to improve this part of our housing supply and the administration is to be complimented for its stated desire to nearly triple the volume of mortgage financing to be made available through our farm housing programs. Unfortunately, the problem of high interest rates and tight money is blocking that effort which is essential to the achievement of our national housing goals. The committee bill contains several provisions designed to help accelerate the construction and financing of farm housing.

Under the present program mortgage loans in rural areas are originated by the Farmers Home Administration through its housing insurance fund and these loans are then sold to private investors so that the funds can be used again for additional loan originations. The tight money problem has made it nearly impossible to sell this paper and the Farmers Home Administration has requested an increase in the limit on its housing insurance fund. The committee has done this by an amendment which combines the Farmers Home Administration direct loan fund with the housing insurance fund to permit further loan originations. It has also included an amendment to permit Farmers Home Administration to sell its loans in blocks attractive to large investors instead of the present system of selling them one by one. This provision should make these insured loans more readily marketable. The committee report also points out that its present authority in the law for the Government National Mortgage Association to purchase these insured loans under the special assistance fund, which already has ample authorization, the administration should act promptly to activate those funds to make them available to rural home buyers who always suffer greatest in periods of tight money. Finally, this section removes the 5,500 population ceiling on areas in which Farmers Home Administration can operate. This provision is designed to give flexibility to the program but the committee expects that the agency will continue to direct its efforts to farm housing and smaller communities which are rural in nature.

Mr. Chairman, H.R. 13827 has been carefully thought out by the committee with full participation of all of its members to meet immediately pressing needs in housing and urban development. Right now the agencies of the executive branch are working on their budget proposals for the next fiscal year and it is important that the House pass this bill so that they will know the authorizations and legislative law and intent under which they will be operating. It is not a controversial bill in view of the unanimous vote in the committee and I urge all of my colleagues to support it.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I will be glad to yield to the gentleman.

Mr. GROSS. I am intrigued by the training and fellowship program as set forth in this bill. What does a fellow do in contributing to the model cities program? And I assume that is what is referred to.

Mr. PATMAN. The information is available to all of the Members in the committee report. It has been furnished to all Members.

Mr. GROSS. Does the gentleman happen to know what kind of price tag there is on this fellowship program?

Mr. PATMAN. No, sir. I am afraid I cannot give you the information on that. Of course, the Committee on Appropriations goes into all of those details before the money is appropriated and after this authorization is made. I would ask

the gentleman to wait until the debate is over and, if he does not get the answer, I will try to answer it.

Mr. CARTER. Mr. Chairman, will the distinguished gentleman yield?

Mr. PATMAN. I yield to the gentleman.

Mr. CARTER. I am intrigued by a recent statement in the Washington Post to the effect that priorities are set by Mr. George Creel, Director of Public Affairs of the Department of Housing and Urban Development, and Mr. Jack Wooley, whereby certain Members' mail received priority by the Department of Housing and Urban Development. I would like to ask the distinguished chairman if he agrees with the decision made by Mr. George Creel.

Mr. PATMAN. We have nothing to do with that, and since it is the gentleman's administration that is in power, I would suggest you make inquiry direct to them.

Mr. CARTER. Of course that is quite true, but there are many more Members of the distinguished gentleman's party on the list than there are mine.

Mr. PATMAN. That was a decision that was made without consultation with the chairman of this committee or any member thereof, to my knowledge, and by the gentleman's own party. I suggest he ask them directly.

Mr. CARTER. I should say, in that case, if such priorities are approved by him, I would think that the distinguished chairman would depend on those 70 Members so favored by the Department for their votes on this bill.

Thank you, sir.

Mr. PATMAN. I am not acquainted with it.

Mr. GONZALEZ. If the gentleman will yield, I will try to fill in a little bit for the gentleman's edification.

Mr. PATMAN. I yield to the gentleman.

Mr. GONZALEZ. I think that the newspaper article the gentleman refers to was published here in Washington, D.C.

Mr. CARTER. That is right.

Mr. GONZALEZ. And it talked about some priority Members in reference to HUD programs?

Mr. CARTER. That is quite right.

Mr. GONZALEZ. I think most of those listed were Members on both sides who were members of the Housing Subcommittee, Banking Committee, and Appropriations Committee.

Mr. CARTER. Not entirely.

Mr. GONZALEZ. Most of them were. I was one of the names mentioned, and I was very pleasantly surprised. As a good Democrat I do not like privileges, but I thought it was good, except that when I checked with the Secretary of Housing and Urban Development, he told me that my priority would be 72 hours on any announcement after the Senator from my State, who belongs to the gentleman's party, would get first notice. That is rather strange privileged priority, I think. I am willing to switch that priority if the junior Senator from Texas will agree to let me.

Mr. SLACK. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 237]

Arends	Eshleman	O'Konski
Ashley	Fascell	Passman
Bingham	Findley	Powell
Blackburn	Foley	Purcell
Brooks	Fraser	Quile
Burton, Utah	Frelinghuysen	Reid, Ill.
Cahill	Garmatz	Reid, N.Y.
Carey	Hansen, Wash.	Riegle
Chamberlain	Hays	Rivers
Chisholm	Holifield	Rodino
Clancy	Howard	Scheuer
Clark	Jones, N.C.	Sikes
Clausen,	Jones, Tenn.	Sisk
Don H.	Karth	Skubitz
Clay	Kirwan	Taft
Corman	Landrum	Teague, Tex.
Culver	Lipscomb	Ullman
Dawson	Long, La.	Utt
Denney	McCarthy	Van Deerlin
Dent	Martin	Vanik
Devine	Meskill	Watts
Diggs	Mills	Whalley
Dingell	Monagan	Wilson, Bob
Dorn	Morse	Wilson,
Downing	Morton	Charles H.
Edwards, Ala.	Murphy, N.Y.	Wolf

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FLOON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 13827, and finding itself without a quorum, he had directed the roll to be called, when 355 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. At the time of the call of the quorum the gentleman from Texas (Mr. PATMAN) had consumed 23 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. WIDNALL).

Mr. WIDNALL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am speaking here today in support of the Housing and Urban Development Act of 1969, H.R. 13827. While this bill has been characterized as noncontroversial and was referred to the Congress by a vote of 35 to 0, the committee report does include dissenting views.

The thrust of this bill goes toward extending the authority for essential programs such as that of FHA. It provides for a large increase in the authorization for the model cities program and that of the homeownership subsidy program.

In the past, the Department of Housing and Urban Development has received one new program after another from the Congress, with the end result that program competition and bureaucratic difficulties have become the rule rather than the exception.

There should be a full and adequate debate on the merits of the substantive amendments within this bill.

An open and full debate is the only way the Congress can provide the full understanding of the housing laws. This is much needed. It will be constructive and do much to aid executive interpretation of congressional intent.

In helping that portion of the Nation that is ill-housed, we must enact

legislation that does not come back to haunt us. Presently, the tight monetary situation has so worked to our disadvantage that we have reached the point where our desire to aid has outstripped our ability to do so.

We have created since 1964 a myriad of programs. Some have worked, others have not. We are faced with such things as a choice between housing people and building units for the goals set in the preamble of the 1968 Housing Act. Successful programs are paradoxically being curtailed because they are successful. The money is needed elsewhere for a restricted group.

I cite these matters only because I think they should be fully explored.

The 1969 housing bill, made up of many technical changes in ongoing programs, comes at a landmark time in our efforts to adequately house the Nation. Yet the bill can hardly be called "landmark legislation."

There is a good reason for this. Never before in the history of our country have the traditional and fundamental doctrines and institutions been so severely challenged. Never before has the Nation felt so unsettled about the future, and yet seemingly certain that we will continue to grow faster and faster. The "inflation psychology" that persists in the land, that President Nixon so forcefully spoke about last week, is taking an especially heavy toll on housing, as we all know.

Root of the problem, of course, is that our housing and urban development policies have relied, all these years, on existing financial institutions and existing financial conceptions of security. The mortgage loan, secured by land, has always been properly regarded as the most secure of securities.

Recently, the Commission on Mortgage Interest Rates delved into these problems. I commend that report to those who want to know more about these problems. We shall have more discussion about them in the future. That Commission quite properly identified inflation as the chief cause of our housing problems.

I mention the inflation problem in the context of today's housing bill because we are not yet attempting to transform major policies and procedures into inflation-tailored legislation. It would be easy, for instance, to attempt to reshape some of the fundamental principles that lie beneath our national housing policies, to make them more responsive to inflationary situations.

There is one such example in this bill, a minor example and one that is highly experimental. I do not oppose it, because it will be very limited in scope if the administration follows the direction of Congress and limits its use to only certain subsidized programs. I refer to the special assistance mortgage purchasing provisions pertaining to "Ginnie Mae" and "Fannie Mae."

This provision, section 111 of the bill, would allow the Government National Mortgage Association—part of the Government—to buy a mortgage at par and then immediately sell it to the Federal National Mortgage Association—now no

longer part of the Government for budgetary purposes—at a slightly different price, below par.

By buying the mortgage at less than par, Fannie Mae will make more money over the long run. Its credit facilities, unfettered by budgetary constraints, would be substituted today for Ginnie Mae's, except for the difference between par and the purchase price—the so-called points.

These "points" would be directly subsidized by the Federal Government, an outright subsidy to the mortgage bankers that can never be recovered. Originally, Ginnie Mae's special assistance program was designed to have the Government buy the mortgages and then hold onto them, figuring that in time, market rates would fluctuate so that the eventual cost to the Government might be washed out. This new concept of section 111 ends all hope of recovering the taxpayer's money paid out for "points."

The amount of money involved will not be vast, however, since this novel situation can be limited to its most desirable social uses—the 236 and 221(d) (3) rent supplement programs. If Ginnie Mae uses this authority beyond those social limitations, however, then grave questions of overall economic policy would arise. Federal subsidy for all "points" involves national policies that go beyond what's contemplated in this bill.

If, on the other hand, this system can be shown to work successfully for the 236 and 221(d) (3) rent supplement multifamily programs, where the need is greatest, then perhaps it could be expanded to other homeownership plans, in coming years.

Federal subsidy of points at this stage is no cure for the problems besetting our housing and urban renewal effort. These problems arise only because our economy is hampered by the "inflation psychology" that remains all too rampant. Subsidizing "points" will not alter that course; as a matter of fact, it could aggravate the inflation problem if this program was expanded to more than the partially subsidized multifamily programs.

Another section of this bill speaks to that overall mortgage finance problem, in today's inflationary condition. I refer to section 414, extending the authority of the Secretary of Housing and Urban Development to set the maximum FHA-insured interest rate in such a way as to be responsible to market conditions. Even here, what with State usury laws crowding into the economic facts of life, the solution lies within the total economy rather than changing rates all the time.

Thus, while this bill is very worthwhile and strives toward laudable goals, it cannot and does not strike at the most important housing issue of all, the issue of inflation.

There are other matters that disturb me about this bill. The commitments, large though they be, to the public housing and urban renewal programs offer temporary, but not permanent solutions. The Congress must come to grips with these programs and, reaching the full understanding of the problems involved

work toward solutions that produce something more than the increasing appropriations which in large part go to the bureaucracies rather than the people.

There are other imperfections of the bill that disturb me and to which I would like to give greater attention. For example:

Section 108 moves up the percent of existing housing that may be used for section 235 housing. It is not needed. HUD is already utilizing existing housing for 235 and 236 contracts at a 43 percent level, expects to level off sometime in the future. If it can do this now, it does not need the increase. The Department will also be more inclined to move toward the construction of new housing which was by far the main thrust of the program if it does not have the loose permissiveness of the amendment. To allow the Department to use a greater percentage of existing housing for its purposes will only defeat or slow the efforts to reach the 10-year goals and their promise of new construction. Placed in competition with other HUD programs such as the section 23 leased program, specifically designed to use existing housing, and which can do the job just as well and perhaps better, section 235 only duplicates a function already well performed.

Section 301: While we have no objection, and think consideration should be given to smaller cities, I would like to make this observation.

What is a smaller city? The bill gives no definition and we think there should be established, by legislative understanding, some rule in that connection. Otherwise, we are apt to find that cities of under a million population are considered smaller cities because they are smaller than New York, Chicago, Los Angeles, and Philadelphia.

Section 411: This section removes the 5,500 population limit on areas eligible for Farmers Home Administration programs. While we favor the general thinking behind this provision, it is a case of upping sail to the limit and cutting the anchor loose entirely. There are towns of as much as 25,000 in population that are largely rural in nature and serving nothing but rural areas. There are also as small or smaller than 500 which are nothing more than adjuncts to sizable metropolitan areas, or specially created urban municipalities of special purpose. The definition now on the books needs revision. But this provision would turn the Farmers Home Administration loose on the entire Nation, lend confusion to its operation and those of the FHA with whom it would immediately be in competition. The FHA has all it can do to handle its present operations. We should not burden it with such an expansion of its sphere of activity until we can give more attention to defining that sphere of activity.

Mr. ZWACH. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Minnesota.

Mr. ZWACH. I thank the gentleman for yielding. I refer the gentleman to the bottom of page 20 of the committee report, where the following statement appears:

The Census Bureau projections for 1970 and other studies indicate that there are a total of 5.9 million substandard housing units in the nation and that 4.2 million of them—more than two-thirds—are in rural areas.

In the countryside areas of our country. Then I refer to page 24, the middle of the page, where it is stated that as of December 31, 1967, only 3.23 percent of the funds of HUD have gone into the rural area. It seems to me that this is an intolerable situation.

What does the committee recommend in relation to this matter? Will that situation be improved so that countryside housing will be receiving proper consideration?

Mr. WIDNALL. Within the bill there are sections that will prove very helpful in rural areas. What I would like to point out to the gentleman, however, is that the crying need for some priority, I believe, is in the central city areas, the hard-core areas, the ghetto areas of the country, where some extremely serious problems exist and where we have got to do better than we have been doing in the past. If we do not, the entire country is going to explode. We have had some taste of that.

Mr. ZWACH. Mr. Chairman, would the gentleman agree that part of the city problem is this problem in countryside America, and unless we have decent housing there ultimately the problem will come to the cities?

Mr. WIDNALL. I would say that is part of it. On the other hand, the failure of many States to adequately provide for the poor family with some assistance and some relief has caused the migration into the cities.

Mr. STEPHENS. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I yield to the gentleman from Georgia.

Mr. STEPHENS. I appreciate the gentleman yielding.

Mr. Chairman, I agree with the statement the gentleman is making. In a few minutes I am going to ask for time to have the opportunity to explain what we are trying to do in this field for the farmer in the Farmers Home Administration, because I am vitally interested in it, too.

Mr. ZWACH. Mr. Chairman, if the gentleman will yield further, I would like to say to the gentleman that as I go through the report, I believe the committee has made some very commendable suggestions and amendments that are going to help bring housing to rural areas. I commend the gentleman and the chairman of the committee and the committee for their efforts.

Mr. Chairman, the lack of decent housing and new housing available for the citizens in our rural areas has reached the threshold of a national crisis. Time is of the essence that housing of all types, single and multifamily, be made available. Today, the pressures on our metropolitan centers in the field of housing is catastrophic, and the end is not in sight. Are we now to have the same thing happen in rural America? Are we going to wait until it is too late before action is taken in solving the rural housing problem? It is my belief that we might be able to eliminate the pressures

on our metropolitan cities if adequate housing was available in rural America. We must make available all the means we have to somehow eliminate the housing problems of our Nation. I am in favor of section 411, subsections (a) and (b). By extending for 1 year the various housing authorities which would otherwise expire, and by removing the \$100 million ceiling applied to the amount of unsold insured mortgages that can be held at one time by the Secretary of Agriculture, I believe we are moving in the right direction. I implore my fellow colleagues to vote in favor of these amendments.

Mr. PATMAN. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania, the chairman of the subcommittee (Mr. BARRETT).

Mr. BARRETT. Mr. Chairman, this country has set an inspiring goal for itself: The complete elimination of substandard housing over the coming decade. The achievement of this will require the production of 26 million homes through new construction and rehabilitation, a substantially larger total than in any decade in our history. Moreover, our goal calls, not only for a decent home, but also for a suitable living environment for every American family. This will require the full use of not only housing programs but of the full array of community development programs including public works, public buildings, transportation, open space, health and educational facilities, and others.

Mr. Chairman, it is a bitter fact that today in the midst of the greatest prosperity ever known by any nation in history, 6 million American families still live in substandard housing. Millions more live in housing which is physically adequate but which is located in blighted neighborhoods or which lack the public facilities that most of us take for granted. This includes not only the intolerable conditions in big city slums but the blighted areas in smaller towns and millions of homes in rural areas. The disturbances in our cities have warned us that we must not let our housing programs be shouldered aside by other expenditures. We would not be keeping faith with our men in Vietnam if we failed to do our utmost to provide decent homes and neighborhoods for them to return to. Our own consciences cannot rest easy if these problems fail to get the priority which they deserve.

Mr. Chairman, this bill is vital to keep our housing programs going through next year and to make those programs more effective and more helpful to low- and moderate-income families and to our towns and cities. It is not a major bill on the scale of those in 1961, 1965, 1966, and 1968, and I believe it will not be controversial. After careful consideration it was agreed to unanimously both in the Subcommittee on Housing and in the full Committee on Banking and Currency. Members on both sides of the aisle have their names on this bill and I believe it is one in which we can all take pride.

The distinguished chairman of the Committee on Banking and Currency has already given an overall description of the major features of the bill. I would like to highlight some of the particular provisions of special importance.

One of the most important provisions in the bill is the authorization of an additional \$2 billion for urban renewal grants. This represents a modest increase over the \$1,750,000,000 authorized for the current fiscal year. These grant funds are needed to cover the whole range of renewal activities including the conventional urban renewal program, code enforcement, neighborhood development program, interim assistance, home rehabilitation grants, and the several kinds of relocation payments. Of particular importance at this time is the provision in the bill which reserves a minimum of \$400 million in the current fiscal year and 35 percent of the funds in the next fiscal year for neighborhood development programs. This important provision in the 1968 act was designed to provide for flexible planning of large projects, improved relocation of displaced families and business firms, and avoidance of the problem of tying up large amounts of grant funds for long periods which often happened in large projects under the conventional system. It is highly regrettable that the administration has proposed regulations to nullify the NDP program by restricting it to projects which can be completed in 2 years and in which 80 percent of the Federal aid will be used in the first year. NDP was never designed for these relatively small short-term projects which do not have the planning, relocation, and funding problems of larger undertakings.

The committee bill would not only assure funding for NDP programs under the amounts set aside but also includes a very important amendment offered by our distinguished colleague, the gentleman from Ohio (Mr. ASHLEY), which would modify the NDP program to give cities more assurance of funds to carry out their programs and provide a more reasonable time period for carrying out operations.

Under existing law grant funds are available for only a 1-year action period of an NDP program and HUD can earmark the funds expected to be needed for a second year. Many cities have found that this is too short a period for carrying out these activities and the committee bill would amend NDP to provide for a 2-year action period for which actual grant funds would be made available and an additional 2-year period for which funds would be reserved to assure the city of continuity in its programs. In my opinion this amendment is highly desirable and in fact essential in view of recent statements from the Department.

Another provision in the bill which has been sought by many Members would extend for 1 year the eligibility of noncash grant-in-aid credits under the urban renewal program. The committee received many reports from communities which had chosen to convert urban renewal projects to the neighborhood development program at the urging of HUD only to find that NDP funds were not available this spring and they were faced with unexpected delays. Other communities are threatened with the loss of these credits simply because of the huge backlog of applications which

is imposing a delay of more than a year on these projects. These credits are essential to the operation of the urban renewal program because they are needed by the cities to meet their share of urban renewal cost. Therefore, the committee bill would extend from 3 to 4 years the eligibility period for noncash credits for applications pending on date of enactment. This provision seemed particularly justified in view of the fact that in 1959 when the 3-year period was established, the backlog of urban renewal applications amounted to only \$185 million, well within the level of annual authorizations. Now that backlog has grown to \$2 billion and this amendment is needed to account for the unforeseen waiting period.

Mr. Chairman, the committee bill would also remove the controversial income ceiling on the section 312 rehabilitation loan program. This very valuable program of 3-percent loans, which was authored by the distinguished gentleman from New Jersey (Mr. WIDNALL), has made it possible for many homeowners and small business firms in urban renewal areas to improve their property which might otherwise have had to be torn down. While these loans are available only in slum and blighted areas and therefore involve mainly low-income families, the ceiling imposed by the 1968 act has caused difficulty in a number of places. In particular, it has virtually ruled out their use to improve rental housing. Since the loans can be used only to improve property which the city has ordered to be rehabilitated because it does not meet urban renewal or code enforcement standards, I feel that we have an obligation to these owners to provide some assistance in financing the improvement. In view of this the committee bill would repeal the income ceiling but retains a priority for applications for low- and moderate-income families.

The committee bill would also make a modest increase in the rehabilitation grants available to low-income families in urban renewal areas who must fix up their property. HUD reports that 60 percent of these grants have gone to elderly homeowners who might otherwise have been forced to move because their incomes are so low they simply could not afford the needed rehabilitation. The committee bill would increase the maximum amount of these grants from \$3,000 to \$3,500.

Mr. Chairman, the committee bill contains another very important provision to help our senior citizens. That is the authorization of an additional \$150 million for the program of 3 percent loans to finance housing for the elderly and the handicapped. When this highly successful program exhausted its authorization earlier this year, the Department had applications in process totaling approximately \$200 million. While some of these projects might be served by the section 236 interest subsidy program, there is not sufficient money in that program to meet all of the needs of low and moderate income families generally as well as housing for the elderly and it is important that we continue the section 202 loans to provide good housing at

modest cost for the retired men and women who in their working years built up this great Nation of ours.

The bill also contains an urgently needed modification of the public housing annual contribution formula which was requested by the administration. This provision would restore the authority in the original 1937 Housing Act to make contributions up to an amount set by a formula reflecting the cost of money to the Treasury. By regulation these contributions have always been limited just to debt service on public housing projects but a growing number of local authorities find that they are not now able to meet operating costs out of rents. Over the years, management costs of public housing have risen along with other costs in our economy. In contrast, the average income and rent-paying ability of public housing occupants has remained virtually stationary as this program has come to serve a lower range of income groups, particularly a growing number of elderly families.

Secretary Romney testified that housing authorities in 15 cities are now running deficits and HUD should be permitted to make some use of this flexible authority. The result has been that some authorities have had to turn away very low-income applicants because the rents they could pay would be so low that they would threaten the solvency of the whole local program. This flexibility is needed to carry out the intent of the 1937 act which stated that contributions were to be made "to assure the low-income character of the project."

Mr. Chairman, one of the most difficult problems which confronted the committee was that of the pressure of rising land and construction costs on the per unit dollar ceilings on FHA programs and on public housing. In both subcommittee and full committee this received careful and thoughtful study and I realize that is a problem on which we could not satisfy all points of view. In the case of FHA the committee bill would increase maximum mortgage amounts per home and per apartment by 10 percent over existing dollar ceilings. For example, the maximum mortgage on a single family home under FHA's basic mutual mortgage insurance program would be increased from \$30,000 to \$33,000 and the maximum mortgage under the section 235 interest subsidy program for a large family in a high cost area would be increased from \$20,000 to \$22,000. Similar increases are provided for the per unit limits on rental housing programs.

The committee received evidence that construction cost increases, since the last adjustment in these ceilings, had been even larger than the 10 percent provided for in the bill, but we felt that in a time of a serious shortage of mortgage money that it was not desirable to go beyond this figure because of the tendency of builders and lenders to move up toward the maximum amounts. To carry out the purposes of our national housing goals it is desirable that funds available for FHA mortgages should be directed toward housing within the reach of low- and moderate-income families. In the case of public housing the committee provided a 10-percent increase in the basic

per room limit of \$2,400 and a 10-percent increase in the additional \$750 provided for in existing law for high cost areas. This is approximately the increase sought by the administration. Undoubtedly, these increases will not meet all of the cost problems in some areas, but again the committee was concerned with the tendency for all projects to come in at, or close to, the ceiling amounts.

Finally, Mr. Chairman, I want to compliment our distinguished colleague, the gentleman from Rhode Island (Mr. ST GERMAIN), for his amendment to the flood insurance program which cuts through redtape and technicalities to make that important protection promptly available to those who need it while the detailed studies of the permanent program are being carried out. I also want to add my voice to that of the chairman of our committee in urging HUD to make use of the \$2 billion available to them now in the GNMA special assistance program to help overcome the critical problem of tight money which is hitting hardest at the home building industry and the low- and moderate-income home buyer. The committee received testimony that we are faced with an increasingly serious housing shortage which is inflating home prices and rents. The administration has available to it funds to meet this kind of inflation and at the same time help meet the national housing goals set forth in the 1968 act.

Mr. Chairman, H.R. 13827 would make a number of important improvements in our existing programs and provides authorizations essential to the continuation of these programs through the next fiscal year. In view of its bipartisan authorship and its unanimous approval in the committee, it is not a controversial bill. It is regrettable that it is late in coming to the floor but, of course, we had to give the new administration time to shape up its proposals and our hearings began 2 days after the administration bill was received. It is important now that we work for its prompt enactment to meet the critical problems in housing and to enable the administration to make its plans for next year's budget and housing proposals. I urge all of my colleagues to support this bill.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from Rhode Island.

Mr. ST GERMAIN. I would like to commend the gentleman from Pennsylvania, the chairman of our subcommittee, not only for his splendid statement but also for the manner in which he stewards our committee and shows an understanding of the problems and an awareness of the fact that this is a changing piece of legislation; it has to be alive, and it has to change with the times.

I believe the gentleman from Pennsylvania will recall that during our hearings, and in executive session, there was a discussion of a problem of regulatory cost limits on housing for the elderly, particularly on units already authorized for which bids have come in too high. I wonder if the gentleman who is chairman

of the Subcommittee on Housing would give us his comments on that problem.

Mr. BARRETT. The gentleman from Rhode Island is perfectly correct and I recall well that he raised this point with the subcommittee. Because cost ceilings for the section 202 housing for the elderly program are not set further in the statute, the law was not amended to provide any precise increase. However, the committee's action in increasing cost limits for FHA mortgage insurance and for the public housing program clearly indicate recognition of this problem and the committee's intent to take steps to meet it. The administration itself proposed a substantial increase in the cost limits on public housing which demonstrates their awareness of the problem and I would expect HUD to be consistent and take the necessary administrative action to recognize increased costs in the case of housing for the elderly. This is one of our most successful and popular programs and it would be shortsighted indeed to deny this housing to our senior citizens from administrative inertia. I fully support the viewpoint of the gentleman from Rhode Island.

Mrs. SULLIVAN. Mr. Chairman, will the gentleman yield?

Mr. BARRETT. I yield to the gentleman from Missouri.

Mrs. SULLIVAN. Mr. Chairman, as the ranking member of the Subcommittee on Housing, I want to congratulate the chairman of the subcommittee, the gentleman from Pennsylvania (Mr. BARRETT), for the tremendous interest he has always demonstrated as a Member of Congress and as a member of this committee in the housing laws of this country and in the housing needs of the American people.

I was interested in learning the other day from a broadcast of Joseph McCaffrey over WMAL that the gentleman from Pennsylvania was responsible back in 1949 for the declaration in our housing laws that it is the obligation of the United States to assure a "decent, safe, and sanitary home for every American family"—a goal we reaffirmed in the 1968 act. And the gentleman from Pennsylvania (Mr. BARRETT) continues to work diligently and sincerely for the achievement of this goal.

Mr. Chairman, Joseph McCaffrey in his broadcast over WMAL Friday, August 29, 1969, in his "Meet the Member" series spoke of our colleague, the gentleman from Pennsylvania (Mr. BARRETT). Mr. McCaffrey in his customary fine way described the kind of person Mr. BARRETT is and the kind of Member of Congress he is and the kind of chairman he has been of the Housing Subcommittee. Mr. McCaffrey said, and I am reading from the script:

MEET THE MEMBER

(By Joseph McCaffrey, as broadcast over WMAL Washington on Friday, August 29, 1969)

William A. Barrett of Pennsylvania is becoming known in the House of Representatives as "Mr. Housing." He is an expert on housing and is Chairman of the Banking and Currency's Housing Subcommittee.

Housing is the Philadelphia member's main legislative concern. He was responsible for the declaration in a 1949 floor action which

declared for a "decent, safe and sanitary home for every American family," this later was re-affirmed as a goal in the 1968 housing legislation.

Six million Americans, the Philadelphia Democrat points out, live in substandard housing. As the Chairman of the Housing Subcommittee, Congressman Barrett has labored both in the Banking Committee, and on the floor of the House to correct this inequity. He points out that poor housing in a city is much like a cancer, the crime it encourages, the disease it breeds, the problems it causes, all infect the other areas of a city. Better housing, the Congressman feels, is a goal which the nation must strive for.

"If we can house our citizens adequately," he feels, "then we will do much to curtail our other social problems."

The Congressman has also worked actively in support of small business. He has long advocated loans to those with executive ability so as to create employment.

His main objective in the Congress has always been to protect working people and support labor legislation. He tells about his long fights to provide supplementary incomes for the underpaid and obtain better working conditions for federal employees. He is especially active in the fight to protect federal employees from having their installations moved out from under them. Congressman Barrett has long pushed for a computerized system to store data on defense allocations.

"In this way," he points out, "We will learn what is spent for what and where it is spent. And we can find this out at a moments glance."

The Congressman attended Brown Preparatory School and St. Joseph's College in Philadelphia. He is a real estate broker and has been long active in political life. He was first elected to Congress in 1944. But two years later he was one of those surprised by the Republican landslide of 1946, which gave the Republican Party control of the House and Senate for the first time since the days of Herbert Hoover. Two years later Congressman Barrett made a comeback, sweeping into office. He has never been seriously challenged since that time.

He commutes to Washington from Philadelphia, working a part of almost every day in his district office, interviewing as many as 750 people a week. His district office is open almost around the clock.

When there is a ten o'clock committee meeting here in Washington he leaves Philadelphia at seven o'clock in the morning.

All in all the Congressman averages about four to four and a half hours sleep a night, but he has been working at this pace for his full forty years of public life. Prior to having been elected to Congress he served as an official with the Public Works Administration, and it was there that he developed the wide following that later encouraged him to seek elective office.

That's the gentleman from Pennsylvania's first district, William A. Barrett.

(Mr. ANNUNZIO (at the request of Mr. BARRETT) was granted permission to extend his remarks at this point in the RECORD.)

Mr. ANNUNZIO. Mr. Chairman, I rise in support of H.R. 13827, a bill to amend, and extend the laws relating to housing and urban development. This bill was reported out of the Banking and Currency by a vote of 35 to 0. Needless to say, it is a very important piece of legislation and very necessary if we are to continue our programs in the field of housing and urban development through the next fiscal year. It makes a number of important changes in existing law to help these Federal programs function more effectively.

Briefly, the bill would extend the Federal Housing Administration's mortgage and loan insuring authority to October 1, 1970, and also extends the various programs aided by the Farmers Home Administration also to October 1, 1970.

H.R. 13827 authorizes \$2 billion for the very important urban renewal program for fiscal year 1971, and earmarks approximately one-third of these funds for the neighborhood development programs which are very important for large cities, such as my hometown of Chicago, for carrying out their ambitious urban renewal plans. It also provides a set-aside of \$400 million for the NDP program for this present fiscal year. Another important part of the urban renewal section of the bill would extend from 3 to 4 years the eligibility period for noncash grant and aid credits under the urban renewal program. It would also remove the existing income limitation on section 312 rehabilitation loans. Many of our cities have found this low-interest, direct loan program to be very beneficial in rehabilitating existing structure within the urban renewal and code enforcement areas.

Probably one of the most important provisions of this bill would authorize a higher level of annual contributions under the public housing program by permitting the Department of Housing and Urban Development to use the full formula originally provided in the 1937 act in place of the present limitation to debt service. This provision would give many of our large public housing authorities additional amounts of money to meet the increasing costs in running these projects.

H.R. 13827 would authorize the appropriation of \$750 million in fiscal year 1971 for the model cities program and authorize the use of 10 percent of the funds in smaller cities without the limitation based on local share of costs of other programs. The bill would also extend for 1 year the present authorization for a number of vital programs including comprehensive planning, open spaces and water and sewer grants. There is an additional authorization of \$100 million for the water and sewer grant program.

An emergency flood insurance program would be made available immediately under this bill for a 2-year period during which local actuary studies will be conducted to provide a basis for the permanent flood insurance program.

A number of changes have been made in the housing programs under the Farmers Home Administration to increase the volume of insured loans available in our rural areas.

I had hoped that when the housing bill was considered by this body that my bill, H.R. 13666, which would provide needed changes in the urban property protection and reinsurance legislation, would be a part of the bill before us today. I did not offer my legislation as an amendment to this bill because the distinguished chairman of the Housing Subcommittee, the gentleman from Pennsylvania (Mr. BARRETT), most graciously consented to hold hearings on my bill later this month or in early November. Since I did not want to hold up the housing bill while consideration was given to

my legislation, Mr. BARRETT's solution to the problem was most acceptable.

Basically, H.R. 13666 would, first, allow the Federal Government to write direct insurance if the charge for such insurance in the private market exceeded 175 percent of the standard premium; second, provide insurance agents and brokers with a commission that is realistic in terms of other premium commission; third, provide for reinsurance of losses that occur during the construction or rehabilitation of habitational property; fourth, eliminates State sharing in riot loss payments; fifth, establish an Office of Review and Compliance in HUD to oversee the insurance program; and, sixth, provide for Federal guarantees for performance bonds for small business construction contractors and subcontractors.

I am hopeful that in the near future the Members of this body will be able to vote on my legislation so that a full and complete package of housing can be enacted by the 91st Congress.

Mrs. DWYER. Mr. Chairman, there are two facts about this bill, the Housing and Urban Development Act of 1969, which I believe deserve special mention:

First, the bill was approved unanimously, both in the Subcommittee on Housing and the full Committee on Banking and Currency. Not a single dissenting vote was cast.

Second, although it does not plow any new ground, the bill is, nevertheless, of the first importance.

This may be a paradox, for legislation of major importance ordinarily is controversial and ordinarily arouses at least some opposition in committee.

The absence of controversy, Mr. Chairman, is due, I suggest, to several other facts including these:

First, the existence in the housing and related construction fields of seriously depressed conditions which Government has an obligation to help remedy;

Second, the basic purpose of this bill, which is to extend, improve and bring up to date the authority for many of our most important housing and urban development programs, and to make certain desirable adjustments in the administrative mechanisms which keep these programs working; and

Third, the broad public acceptance of most housing and urban development programs as essential tools in the effort to maintain and rebuild American urban communities and to improve the lives of the people of those communities.

To repeat, Mr. Chairman, there are no revolutionary departures from previous directions in this legislation. There are no bright and shiny innovations to attract special attention to this bill. What there is, I suggest, is at this stage in our experience even more important. It is the money and the authority and the changes which are needed to keep alive and well the housing programs of demonstrated merit and great potential.

Very briefly, and among other things, the Housing and Urban Development Act of 1969 will do the following:

First, extend FHA mortgage insurance authority, including provisions for improving the operation of section 235,

the homeownership assistance program, and section 236, or the rental housing interest subsidy program—two of the most promising newer efforts to bring decent housing within the reach of low- and moderate-income families.

Second, increase the authorization for the urban renewal and related programs, including the neighborhood development program, and to permit these programs to be funded on a 2-year basis, a simple but crucial reform which will greatly improve the capacity of the Department of Housing and Urban Development and the communities with which they contract to do a better job.

Third, modernize in several important ways the public housing and the rehabilitation loan and grant programs; preserve for an additional year the eligibility for local grant-in-aid credits which certain communities were in danger of losing through no fault of their own as a result of unusual delays in the transition from urban renewal to neighborhood development, and in the implementation of the latter.

Fourth, recognizes the great success and widespread popularity of the section 202 program of housing for the elderly and the handicapped by extending the life of the program and increasing its authority.

Fifth, provides additional funds for the model cities program which will enable all 150 cities which have so far received planning assistance to move fully into the area of program activities.

Sixth, extends for an additional year such familiar but extremely valuable programs as the section 701 comprehensive planning program, the open space, urban beautification and historic preservation programs, the program of supplemental grants for public facilities in new communities, the neighborhood facilities program, the advanced land acquisition program, and the water and sewer program—the last of which would be increased by 25 percent in view of its considerable importance in the orderly growth of suburban communities.

And seventh, facilitates participation by States and localities in both the flood insurance program and the urban property protection program.

In the case of the flood insurance program, the committee proposes to authorize the Secretary of Housing and Urban Development to implement the program on an emergency basis within the next 2 years. Because of delays in completing the required ratemaking studies, this program has been extremely slow in getting underway and, as a result, homeowners in flood-prone areas have been denied protection which Congress voted to give them last year. The emergency authority in the present bill will enable the Secretary to overcome these obstacles, expedite the actual writing of insurance agreements and policies and yet fit in with the long-range overall program.

These are only the highlights of the bill before us, Mr. Chairman. I have called attention to them in order to emphasize the point I made earlier: that this is a bill of major significance even though no radically new programs are involved.

In addition, however, I should like to call the attention of our colleagues to three or four specific matters of interest: First, I believe it is useful to emphasize the importance of housing for the elderly. This is a program in which I have had considerable interest from the very beginning. In my own area of New Jersey, I have personally inspected many housing projects for older persons, and I have been uniformly and favorably impressed with the quality of the housing, with the high level of upkeep and maintenance, and with the truly grateful attitudes of those older people who have become residents. By whatever standard we choose to measure this program—economic, social, humanitarian—housing for the elderly receives very high marks, and I hope our colleagues will manifest their confidence in this program by providing the continued authorization and support it requires.

Second, I believe it is also important to underline the committee's concern with three aspects of the Government's responsibility toward low-income families. As the committee report makes clear, the very basic requirement that at least 20 percent of the housing provided through new construction and rehabilitation in urban renewal programs must be for low-income families has not been properly implemented by the Department. At best, this is a very minimum requirement, and I can conceive of no justification of the failure to insist upon its accomplishment and implementation. By the same token, the relocation of persons displaced by virtue of the urban renewal program continues to be a source of considerable concern.

More effort, more imagination, more concern must be invested in the obligation to make certain that relocation programs are adequate to the needs of the people in every renewal area. Finally, the success of the urban renewal, relocation, and other efforts to assist low-income families depends on the effective management of the public housing projects. Too often, inadequate management has contributed to the decline in quality of public housing facilities with unfortunate results which harm the entire effort to house the disadvantaged. It is in the interest of the disadvantaged themselves and of the public image and acceptability of the public housing program that the Department take steps to improve project management practices wherever necessary.

Last year, Mr. Chairman, I offered an amendment during House consideration of the Housing and Urban Development Act of 1968, to require that the Department report annually to the Congress on the progress it was making to eliminate redtape, to expedite action on program applications, to simplify procedures and requirements, and in general to improve the management and administration of the many programs within its jurisdiction. The first such report has not been made and the Department has requested the Committee on Banking and Currency for an extension of time. In view of the fact that the Department is, in effect, under new management, the committee has approved this request. Speaking at least for myself, and I believe for most

of my committee colleagues, I should like to stress that our agreement in no way indicates any lessening of our concern for improved management of housing programs. Our ability to provide decent housing for the American people—which is certainly one of the priority goals of our Government—depends as much on proper administration as it does on funds and authority. The way we do things is just as important as what we do. I urge adoption of the bill.

(Mr. ASHLEY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ASHLEY. Mr. Chairman, last year the Congress overwhelmingly approved adoption of the neighborhood development program as an alternative means of financing and implementing urban renewal projects.

Although budgetary considerations have limited the number of NDP cities to 35, our committee has been impressed with the successful initial accomplishments of the neighborhood development program. Nearly all the cities now participating in NDP have managed in a responsible manner to increase the level of renewal activity in high priority areas in response to the most pressing and immediate needs of the community.

The initial renewal action of the NDP cities clearly demonstrates the general capability of our communities to utilize a substantially increased level of Federal funds for vitally needed renewal programs. Federal funding of urban renewal at an annual level of \$1 billion, anticipated for the current year, is manifestly inadequate. This averages out to only \$20 million per State or, if we include the local one-third contribution, \$30 million per State. At this level, deterioration takes place far more rapidly than renewal and rehabilitation.

We simply must recognize this fact and be prepared for substantially greater commitments if we are to meet the renewal needs of our cities.

One of the major concerns of our committee has been that the NDP program be continued as originally conceived, that programs currently underway receive a reasonable level of funding, and that the integrity of the effort be sustained. Many of us are convinced that NDP is a far more direct and yet more flexible approach to urban renewal than the conventional financing with capital grant reservations. Conventional urban renewal projects have taken an average of more than 10 years to carry out and have cost nearly twice as much as originally conceived. Nearly half of Federal funds appropriated for urban renewal are now used to cover increased costs of approved projects. Under NDP, the need for amendatory financing is largely obviated by virtue of the annual review procedure which allocates funds for the immediate action year, together with a reservation for the following year.

In order to assure a fair distribution of funds between conventional projects and NDP projects, the committee unanimously voted to earmark \$400 million for NDP during the current year and 35 percent of urban renewal funds made available in fiscal 1971.

The committee recognizes that cities

cannot be expected to project all their renewal needs for each and every potential area of their city. Cities can be expected, however, to provide reasonable estimates of action and cost for areas for which they are seeking Federal assistance. In any event, there should be no constraints set by HUD to limit local priorities, including area size and number and the recent requirement of Secretary Romney that new NDP projects must be completed within a 2-year period and that 80 percent of the Federal funds for the project must be spent in the first year.

This requirement is clearly contrary to the intent of Congress and, if carried out, will result in a completely different program than was envisioned by the Congress when it acted last year. I trust, Mr. Chairman, that the legislative history of the bill before us will establish beyond any question that the Congress supports the neighborhood development program and expects the program to be administered in accordance with the provisions of the 1968 Housing Act.

Mr. BARRETT. Mr. Chairman, I yield 10 minutes to the gentlewoman from Missouri (Mrs. SULLIVAN).

Mrs. SULLIVAN. Mr. Chairman, the Subcommittee on Housing, under the chairmanship of the gentleman from Pennsylvania (Mr. BARRETT), has worked hard this year—as we have every year—in investigating the areas of greatest need in meeting our housing problems. We know what the problems are—and largely they are problems of financing. Money will not solve all of our housing difficulties and inadequacies, but adequate financing would certainly solve the housing problems of the moderate-income family and would go far toward solving most of the problems of housing the poor.

Much as I would like to say that the bill now before the House is a great forward step toward meeting our housing needs, this bill is not in the same category as the Housing Act of 1968 or the Housing Act of 1966, two of our great legislative accomplishments of recent years. This bill now before us to a large extent merely continues programs already in operation or already authorized. We have not blazed any new trails or pioneered any new approaches in this measure. The reason we did not is an understandable one: the many innovative programs we authorized in the last 3 years have not yet been funded and are not operating effectively.

How can we make any intelligent judgments as to the next steps in these programs if we have no clear evidence one way or another as to whether our previous proposals will work well? A combination of budget-cutting, foot-dragging, and tight money has put all of our imaginative new ideas of 1966 and 1968 into mothballs.

THE LINE IS MUCH LONGER—THE WAIT MORE
DESPAIRING

The budget cutting and foot dragging have affected mostly the programs for low-income families—both the homeownership and the rental programs to rehouse those who now live in crowded, inadequate, substandard accommodations.

They are, unfortunately, used to waiting at the end of the line for the solution of their housing problems, but now the line is much longer than usual and the wait is a lot more despairing. President Nixon's expressions of reluctant resignation to the stagnation in housing construction as the only real result so far of his program to combat inflation brings little comfort indeed to the poor who desperately need better housing.

But a very important and very influential—politically very significant—factor has been brought into the crisis over housing financing, and it is the great middle class in this country. Families which, under normal circumstances, could build or buy their own housing without any governmental assistance of any kind now find themselves caught in the so-called credit crunch, which, for them is a stranglehold.

COSTS FAR MORE TO FINANCE THAN BUILD HOMES

They can get out of it only by signing up for mortgage terms which are unconscionably high—and with foreboding long-term consequences. It now costs far more to finance the purchase of the average home than to build it. And the only solution which has been put forward so far is to do without, or pay excessive interest and kickbacks in the form of points.

People can do without a lot of things, and will do without them when they have to. But the average American family, surrounded by prosperity on every side, and by evidence of ready access by other types of investment to all of the funds needed, cannot understand why its needs and desires for better housing seems to be the only type of investment for which funds are now unavailable.

While the Subcommittee on Housing was working on this legislation this year, the National Commission To Study Mortgage Interest Rates was engaged in a special study into the problem of assuring adequate mortgage funds for low- and moderate-income families at "reasonable" rates of interest. As a Member from the House of Representatives of that Commission, I was bitterly disappointed by its failure to grapple with the fundamental problem assigned to it. Instead, all of the thought and effort seemed to go into the single issue of whether the ceiling on FHA and VA interest rates should be removed entirely, or be suspended for a further period of time.

This was, indeed, one of our assignments, but it was not the major one. Consequently, when the Commission majority failed to come forward with effective solutions for the high-interest-rate problem for low- and moderate-income housing, two of us on that Commission—Chairman WRIGHT PATMAN, of the House Committee on Banking and Currency, and I—filed a minority report which did outline numerous steps we could and should take, on an urgent basis, to solve our mortgage crisis.

HOME MORTGAGES FOR MIDDLE-INCOME FAMILIES AT REASONABLE RATES

The report of the Commission came too late to influence the development of the housing bill now before us, other than in the provision which extends for

another year the suspension of the 6-percent ceiling of FHA rates. The basic issues remain unsolved. These issues must be solved.

One solution put forward recently is H.R. 13694, which I introduced on September 9, 1969, with the cosponsorship of the chairman of the Subcommittee on Housing, the gentleman from Pennsylvania (Mr. BARRETT). This bill goes to the heart of our problem in financing homes for the average family—the availability of mortgage funds at reasonable rates of interest.

It is a solution we know can work, because it has worked in the past.

It is a bill to establish a new Federal direct loan program, for moderate-income families—those with incomes up to \$12,000 a year—who cannot obtain mortgage financing at reasonable rates of interest from customary sources of mortgage credit. The bill creates the Home Owners Mortgage Loan Corporation, with an initial capitalization of \$2 billion, and eventual capitalization after 5 years of at least \$10 billion, for loans at 6½ percent or less, to credit-worthy families able to meet the expenses of homeownership but unable to obtain credit in the mortgage market except at excessive rates of interest.

This program will not cost the Government a single cent. It will use the borrowing power of the U.S. Government for the benefit of the rank and file of American families, until mortgage interest rates come down to a manageable and reasonable level.

THE HOME OWNERS MORTGAGE LOAN CORPORATION

The HOMLC created by H.R. 13694 would function only during those periods when its assistance was necessary. No new bureaucracy would be created. Loans would be extended through the regular FHA structure. The maximum loan extended under this program would be \$24,000.

This is the only solution on the horizon for correcting the distortions of the investment market which have relegated middle-income housing to the bottom of the list of priorities for financing.

Every Member of this House is familiar with the plight of the middle-income, hard-working, tax-paying, self-reliant American family in trying to obtain mortgage financing in today's market. Unless the purchaser is willing to pay a fantastically high premium, which most families cannot afford to do, he cannot obtain a mortgage.

High interest rates are usually a temporary phenomenon in the business community. Most business loans are short term. But in the housing field it is the opposite. An 8-percent or higher interest rate is built into the mortgage for its life—often 30 years. If and when interest rates do go down to more acceptable levels—as they undoubtedly will do eventually—the homebuyer, saddled with a mortgage at today's rates, will still be trapped in his high rate. He will be able to get out of it only by paying a substantial penalty in addition to going through all of the mysterious and expensive closing costs of refinancing.

Mr. Chairman, I am deeply aware of the problems of our low-income families

today in obtaining decent housing. These are the families which need one form or another of Federal assistance in obtaining better housing—either through subsidized rents or subsidized mortgage interest rates. We have in being many programs to help those families—if only the funds are appropriated by the Congress and used by the administration. We know those problems and have the solutions, if only they are applied.

A NO-COST, SELF-SUPPORTING PROGRAM TO HELP SELF-RELIANT FAMILIES

But, for the middle-income family, there is nothing available to help them except advice to be patient. And that is not good enough. We need programs to provide relief—not assistance, but relief from intolerable distortions in the private money market.

It is, therefore, my intention to do everything I can to bring about the creation of the Home Owners Mortgage Loan Corporation to serve as a last-resort source of mortgage financing for the average family when other sources of funds are closed to that family by conditions such as now exist in the investment market.

I hope other Members of the House who are fully aware of the problems of their moderate income constituents will join the gentleman from Pennsylvania (Mr. BARRETT) and me in the furtherance of this idea for a direct housing loan program when private funds are not available except at unconscionable rates of interest.

This program will not be any form of handout or giveaway. It will be fully self-supporting—paid for in full by the families participating in the program. No subsidy is involved—just a willingness to use some of the vast resources of this Government for the people whose taxes make government possible.

Mr. PATTEN. Mr. Chairman, will the gentleman yield?

Mrs. SULLIVAN. I yield to the gentleman.

Mr. PATTEN. I agree 100 percent with you, that our mailmen, our postal clerks, and people in the middle-income bracket cannot get a house for a number of reasons, on account of interest rates, zoning laws, and a lot of other reasons. Nobody is building anything in my area except for \$35,000. All our people working in our factories who are doing good every day working, the vast majority are out altogether under this program.

I cannot find much hope, as I look at this bill, for our good people, the average middle-income people who go to work every day, and it is the worst problem I have facing me in my district.

One other thing, the last time we increased social security, the housing authorities of New Jersey took every dime away from these elderly people who only get \$91 a month and they raised the rents. I hope this bill is so written that if we give something a little later on, a 10- or a 15-percent increase in social security that these housing authorities cannot grab it and take the full benefit of that from these old people. Our social security people only average \$91 a month. I think this bill should do something about them.

Mrs. SULLIVAN. I would answer the

gentleman from New Jersey by saying this is what happens also every time there is an increase in Federal wages. Anyone who lives within the Washington, D.C., area knows that the minute Federal employees get an increase, then everything goes up.

Mr. PATTEN. How you can say that—I was raised \$50 in May and \$50 in November.

Mrs. SULLIVAN. May I say that the gentleman is going to have a chance, I think, under the 5-minute rule to hear more about this direct loan program for the middle-income family. I am planning to offer it as an amendment to this bill.

Mr. PATTEN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 238]

Abbitt	Downing	Morse
Arends	Edwards, Ala.	O'Konski
Ashley	Eshleman	O'Neill, Mass.
Baring	Evins, Tenn.	Ottinger
Bingham	Fallon	Passman
Blackburn	Fascell	Powell
Brooks	Findley	Price, Tex.
Burton, Utah	Ford, Gerald R.	Quie
Cahill	Garmatz	Reid, Ill.
Carey	Gettys	Reid, N.Y.
Clark	Hays	Riegle
Clausen,	Holifield	Rivers
Don H.	Howard	Rodino
Clay	Jones, N.C.	Rooney, Pa.
Corbett	Jones, Tenn.	Rosenthal
Corman	Karth	Rostenkowski
Culver	Kirwan	Steiger, Ariz.
Cunningham	Landrum	Ullman
Dawson	Lipscomb	Utt
Devine	Long, La.	Vanik
Diggs	McCarthy	Whalley
Dingell	Martin	
Dorn	Mills	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Flood, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 13827, and finding itself without a quorum, he had directed the roll to be called, when 365 members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey (Mr. WIDNALL).

Mr. WIDNALL. Mr. Chairman, I yield 12 minutes to the gentleman from New York (Mr. HALPERN).

Mr. HALPERN. Mr. Chairman, as a member of the Housing Subcommittee of the Banking and Currency Committee, I am cognizant of how difficult it is to find simple answers in this highly technical and widespread area of housing. One must understand not only the nature of the lumber, bricks, and mortar needed to erect a dwelling, but the involvement in that structure of the workers who build it, the community it becomes a part of, the banking institutions which must finance it, and, most important, the family who will live in it.

I want to extend my enthusiastic compliments to the distinguished chairman of the subcommittee, the gentle-

man from Pennsylvania (Mr. BARRETT) and to the able and hard-working minority member, the gentleman from New Jersey (Mr. WIDNALL) for their painstaking efforts and leadership in bringing before this House a bill that provides us with the basis to get housing moving in this country once again and give the necessary impetus to the historic Housing Act of 1968.

I have joined in reporting this bill, H.R. 13827 to the House, but commendable as the legislation may be, I acknowledge the need for improvement on some point. And, it is my hope that it can be perfected in the legislative process before us. Let me analyze the bill and voice my views on some of its provisions.

FHA DOWNPAYMENT REDUCTION

I enthusiastically support section 102 of H.R. 13827, which provides for a 10-percent—15-percent for veterans—reduction in downpayments of FHA-financed homes between \$20,000 and \$25,000. This will be extremely helpful to prospective home buyers whose decisions are primarily based in many cases on the lump sum they will have to put down. There is much talk about the high interest rates on mortgages discouraging people from buying houses, but the average person thinks first of how much it will cost him out of pocket at the closing and only thereafter about his interest payments over 30 years. A reduced downpayment will make it possible for many people with limited savings to take that first step. In the end, this incentive may lead to more home purchases and help reinvigorate the presently wavering home construction industry.

In the Senate bill an additional provision was made to increase mortgage limits by \$2,500. I regret that a similar provision was not included in the House version. Especially in high cost areas such as New York City, it is becoming increasingly difficult for people to find homes priced within reach of Federal limits. The home buyer should be able to obtain Federal mortgage assistance for the housing prices available in his area, and not be cut off because of some standard which has little relevance to the cost of homes in his city.

However, interest rates are still discouraging many families from purchasing homes. The Federal Reserve Board raised interest rates to their highest level in a century this year, hurting prospective homeowners' buying power.

What this means to the average family in Queens is tough to swallow. In 1950, a Government-guaranteed FHA mortgage cost 4¾ percent with premium charges. On a \$20,000 mortgage for 30 years, this meant total interest payments of \$17,584 in addition to principal.

Under the new rates, FHA interest now totals 8 percent with a premium charge. Now a 30-year, \$20,000 mortgage requires total interest payments of \$33,387, in addition to principal. The interest has practically doubled in 20 years.

To make matters worse, in the outlying areas of Queen, and in nearby Nassau County, a recent State survey found that new homes are costing between \$35,000 and \$50,000—and that only 11 percent of today's house hunters can afford this sales price.

ADJUST COST LIMITATIONS

However, once again the complexities of the area seems to have beclouded several provisions which need to be improved if they are to provide satisfactory solutions to today's housing needs.

Let us not forget what the goal is, as Congress declared in 1949—"a decent home and suitable living environment for every American family." By this standard we are falling short.

In particular, I am concerned about the critical problem facing the low and moderate income housing production in the Nation. A major cause of this difficulty is the unrealistic statutory cost limitations contained in federally assisted housing programs. This matter is so urgent that if action is not taken to overhaul these limits—in section 235 homeownership and in section 236 rental assistance—publicly assisted housing production may well come to a standstill in many of our great cities.

In New York, Baltimore, Minneapolis, New Haven, Philadelphia, San Antonio, and Los Angeles construction, according to housing officials, is in jeopardy because of these statutory limitations.

I believe the best long-term solution is a flexible formula, as adopted in the Senate, which would permit adjustment in the cost limitations to reflect changes in actual construction cost indices.

In addition, limitations in high-cost areas would be a fixed percentage—45 percent—higher than those in normal areas.

The slight increase of 10 percent offered by this legislation is simply not enough in a high-cost area.

Mr. Chairman, one need spend only a short time in New York City or any of our great metropolises in order to determine that the cost of living is higher there.

Over the last 20 years construction costs have increased at least 125 percent nationally and 130 percent in high-cost areas. Projected increases are even more spectacular. Under these conditions, new housing units are facing seemingly insurmountable barriers.

Let me give you an example. I recently learned of a private enterprise in New York which successfully constructed and financed a 66-unit apartment building in East Harlem in half the normal time and at 10 percent less than normal cost.

The company recently purchased three additional land sites and drew up more plans. But now, it has reported to me, it feels it must scale down the number of three-, four-, and five-bedroom apartments in the projects and lower the average number of rooms per apartment. It cannot afford to build units under the present \$3,150 per room cost limit, nor will a 10-percent increase make the difference. It is forced to increase the number of efficiencies and one bedroom units, which have a cost allowance per room of \$4,250.

The builder has told me:

Even with the 10% increase over the 1965 statutory cost limits . . . we cannot design and build apartment projects with the large units desperately needed in these highly dense poverty areas.

The New York City Housing Authority, moreover, tells me it has projects lined

up which would produce nearly 5,700 units. The land is cleared, designs approved, everything is ready to go. Yet recent bids have averaged more than 30 percent over Federal statutory limits.

And if you are in the market for moderate-income housing under section 235 the slight increase in mortgage limits is not going to help much. The basic mortgage limit under section 235 is \$15,000, with an increase to \$17,500 in high-cost areas.

A 1968 census survey revealed that only 11 percent of new houses sold in the West and Northeast were priced at under \$17,500. An FHA survey early this year in Washington, D.C., showed no new single-family houses on the market with sales prices under \$17,500.

Mr. Chairman, it is clear to me that we are in grave danger of not only failing to meet our housing goals of 26 million units in 10 years, but of actually moving backward.

Housing starts have dropped from an annual rate of 1.9 million to less than 1.3 million since January. This is a 27 percent decline in less than 9 months.

Although the Federal home loan banks and the Federal National Mortgage Association are increasing funds for the mortgage market, the housing gap is not closing. Housing starts may be at less than a 1 million annual rate by the end of this year.

There are a number of things we should do to prevent this—and prominent on this list is a considerably large authorization of funds under all housing programs. But certainly the correction of this presently unworkable cost limitation formula would be a giant step in the right direction.

Reducing the opportunities for a decent living environment for our citizens is not the proper manner by which to curb inflation. Home construction is not the only, nor the primary, economic factor affecting our economy. Let us look elsewhere to cool the overheated American economy—not in the construction of the homes we live in.

KEEP INTEREST CEILINGS

Finally, let me mention another weakness in the present bill. I object, along with the gentleman from Texas (Mr. PATMAN) and the gentlewoman from Missouri (Mrs. SULLIVAN), to section 413 (a) of the bill which would eliminate the 8-percent mortgage interest rate ceiling that applied to savings and loan associations in all States without similar interest rate ceilings of their own. This would allow the Federal Home Loan Bank Board discretionary authority to set new and even higher maximum ceilings. It could only add to the squeeze presently being felt by low and moderate income families who are being priced out of the housing market by high interest rates.

Let us not justify the destruction of the hopes of so many prospective homeowners by bowing to the god of free enterprise and market demand. Blind approval of this provision is nothing less than endorsement of continually rising mortgage interest rates which have already increased monthly housing payments by 30 percent since January. This provision can only make matters worse

and I trust we will succeed in correcting this section to avoid the results I fear it will bring.

Let me be clear—I do not favor holding the line on mortgage interest rates primarily as a means of curbing inflation—I am concerned more that American families can obtain new homes at financing rates they can afford. As in my prior statements, I feel the fight against inflation must not be confused with the need for housing. In our considerations of this complex bill let us hold uppermost in our minds the aim of providing suitable housing for every American family and not let this flowering hope wither to enforce the drought measures of the battle against inflation. Once the flower dies it may not grow again.

Mr. ST GERMAIN. Mr. Chairman, I rise in support of H.R. 13827, the Housing and Urban Development Act of 1969. This bill was reported out of the Committee on Banking and Currency unanimously. It would extend for 1 year the basic insuring authority for Federal Housing Administration programs and Farmers Home Administration programs and provides for authorizations for urban renewal and model cities for fiscal year 1971. The bill would also provide needed additional assistance for our public housing programs and extends for 1 year the present authorization for a number of other HUD programs including comprehensive planning, open spaces, and water and sewer grants. There are three important provisions of this bill which I have been deeply involved with.

I was the author of the emergency flood insurance program which is section 406 of this bill.

Last year's housing act created an important new program to provide federally aided flood insurance to help protect property owners from the disasters of hurricanes and other flood damage. This proposal had the strongest kind of support in the Congress but unfortunately because of the complex and time-consuming mechanics is now available only in three communities in the entire country. In other programs, such as mass transit and water and sewer grants, we recognized the necessary startup time by providing an initial simplified procedure. It is obvious that this needs to be done for the flood insurance program as well.

Under this emergency program in the absence of the establishment of an actuarial rate—which can be established only by the studies which are eliminated in the emergency program—no Federal flood insurance at all will be available to new construction started after the identification of an area as a special flood hazard area nor will the second or actuarial layer coverage be available even to those who do qualify for the insurance. Under the flood insurance provision of the 1968 act all new construction has to pay the actuarial rate and all existing structures have to pay the actuarial rate for the second layer of coverage. Inasmuch as the studies authorized by the 1968 act will continue at the same rate the emergency act is being implemented, eventually Federal flood insurance at actuarial rates will be

available even in the case of new structures and the second layer of coverage.

This provision is very simple. It will provide that for a 2-year period the Secretary can make flood insurance available without waiting for the detailed work necessary to set the actuarial rates contemplated by the long-term program. Under the flood insurance program, losses are funded initially by the income from the premiums paid by the property owners and the Federal equalization payment. In the case of exceptionally bad years, further losses would be paid by the capital committed by private insurance plus Federal reinsurance. In the long run it is expected that these unusual losses would average out so that there would be no net use of the private capital. This provision would provide that for an initial 2-year period the insurance coverage would be financed from the premium income and the Federal equalization payments. In the absence of actuarial rates, the contract equalization and reinsurance formulae in the existing agreement between the insurance companies and the Federal Insurance Administration will have to be restructured for insurance written under this emergency program. As in the basic program, the Secretary could provide this coverage only for communities which requested it and which agreed to meet the land use planning controls provided for in the permanent program. It would not be expected that private companies would participate in this emergency provision but as the actuarial rates are set, the machinery would be there for them to come in under the long-term program.

There will be no relaxation of the statutory requirements for the adoption of appropriate State and local land use and management controls by a community as a prerequisite to qualification for the Federal insurance.

Mr. Chairman, Hurricane Camille was a painful reminder that we have delayed too long for making flood insurance protection available. This provision will meet that need.

Section 207 of H.R. 13827 would remove the requirement in the section 312 rehabilitation loan program which limits eligibility for residential rehabilitation loans to persons whose annual income is within locally applicable income limits for the section 221(d)(3) below market interest rate program. Earlier this year I introduced H.R. 11914 which was incorporated into this bill as section 207 during the Subcommittee on Housing's executive session. The committee has received considerable testimony of all groups that the existing income limitation makes ineligible many of the homeowners in selected project areas and a substantially higher percentage of the owners of rental properties. Rehabilitation goals of the urban renewal program were being seriously affected by this income limitation. Serious inequities were developed in denying assistance to a significant number of property owners in such areas who were being required to rehabilitate their property. In most of our cities, and particularly in my district, the 312 rehabilitation loan program had ground to a halt because of this income limitation.

Many of the Members, I am sure, are hearing complaints about adequate public protection of residents in public housing projects. At the present there is no separate provision in the public housing law providing funds for the use of police or security forces in public housing projects. Local law enforcement agencies have not been able to deal adequately in providing safety for public housing residents. A number of public housing authorities are providing some sort of police or security forces but must pay for them out of their administrative expenses. Most housing authorities do not have the funds to do this. It was our understanding in section 204 of last year's Housing and Urban Development Act that funds under this section could be provided for the security of public housing residents, but the administration requested no funds for the implementation of this program. It is my understanding that the modification of the public housing annual contribution formula in this bill will provide additional funds by which local authorities may also finance public housing police or security forces along with the other administrative expenses. Since the Federal Government is assisting these people in obtaining suitable housing units then it should also provide for the safety as well as the housing of our citizens.

(Mr. MINISH and Mr. GONZALEZ (at the request of Mr. HANNA) were granted permission to extend their remarks at this point in the RECORD.)

Mr. MINISH. Mr. Chairman, I rise to strongly support H.R. 13827, the Housing and Urban Development Act of 1969. This bill would extend for 1 year the housing bill and urban development programs administered by HUD and by the Farmers Home Administration and make a number of amendments to those programs.

H.R. 13827 is the omnibus housing bill for this year and contains a number of very important authorizations to continue the Federal Housing programs into fiscal year 1971. The Committee on Banking and Currency reported this measure unanimously. Fiscal 1971 funding for urban renewal and model cities, improvements in rural housing programs and flood insurance protection, and strengthening of the neighborhood development program are among the major provisions of the legislation.

There are a number of sections in this bill of particular concern to me, one of which is a much needed emergency flood insurance program to make available immediately, for a 2-year period, flood insurance for homeowners and small businessmen during which time local actuarial studies will be conducted to provide a basis for a permanent flood insurance program. This provision will greatly assist citizens in high flood risk areas to obtain much needed insurance to protect their homes and businesses against catastrophic losses from flood damage.

Another important section of this legislation deals with the neighborhood development program. In response to the administration's failure to carry out congressional intent regarding the NDP, the committee has included a provision in the Housing Act of 1969 reserving 35 percent

of the total urban renewal funds for neighborhood development. The committee also reserved \$400 million of fiscal 1970 funds for the neighborhood development program and authorized HUD after July 1, 1970, to commit urban renewal money for a 2-year period under the NDP in place of the present 1 year and to reserve funds for an additional 2-year period.

Last year's landmark Housing and Urban Development Act established the neighborhood development program as an important element in the Federal Government's urban renewal effort. NDP was designed to accelerate urban renewal projects and to encourage efficient and flexible utilization of Federal and local resources to combat urban blight. After enactment of the 1968 housing law, the Department of Housing and Urban Development began a concerted campaign to encourage cities to convert their urban renewal projects to the neighborhood development approach. Neighborhood development, the communities were told, would provide for a smooth flow of Federal funds and flexibility of movement between one urban renewal project and another. It would allow for starting needed urban renewal activity by obtaining funds quickly without waiting for HUD to finance each individual project area. Communities, under the NDP, would not be required to prepare detailed plans for each project prior to acquisition—a general plan would be acceptable.

Hundreds of cities across the country recognized NDP's great promise for substantial coordinated progress in urban renewal and undertook the expensive, time-consuming, and difficult task of converting their conventional urban renewal projects to neighborhood development.

During the last month, HUD has taken upon itself the reevaluation of the neighborhood development program. The Department has indicated it intends to impose certain restrictions and eliminate much of the flexibility built into the neighborhood development program. These restrictions will severely hamper the operation of this valuable program and could mean that only 30 to 40 NDP projects will receive any funding at all this year.

Clearly HUD has failed to administer the NDP as Congress intended. Passage of the Housing Act of 1969 by an overwhelming margin is imperative if the Congress is to respond to HUD's violation of its will.

The city of Newark, N.J., provides an excellent example of the manner in which HUD has mismanaged the NDP. I insert an editorial from the Newark News on the subject of Newark's dealings with HUD:

RENEWAL RUNAROUND

Newark officials justifiably feel they are getting the runaround in Washington on requests for information on how much federal aid will be available for the city's urban renewal program.

A Housing and Urban Development executive denies plans to cut the program by 90 percent to an overall 20 acres, but won't give any specifics on how much of a cut will be made. His department, he says, is awaiting guidelines from the Bureau of the Budget before making decisions.

With 1,300 cities applying, the HUD spokesman says, there just isn't enough money to go around. But, as New Jersey's Rep. Joseph G. Minish points out, Highland Park, Mich., with only one-tenth of Newark's population and a fraction of its problems, won approval several months ago for \$4.9 million in urban renewal aid.

Newark's program, asking for \$48 million to help ease a critical situation, was submitted last February and won approval at Philadelphia regional headquarters last May. Since then, inquiries to Washington have encountered only silence and evasion.

The administration's desire to hold down federal spending as part of the fight against inflation is understandable, in fact laudable. But somewhere a sense of proportion has been lost in carrying out that purpose.

If funds can be found in the Treasury for developing a supersonic passenger plane, for subsidies to merchant shipping, for building the antiballistic missile, and for more bombers, the budget experts ought to be able to dig up the amount required to help Newark continue its attack on housing and economic problems and thereby meet pressing needs.

Mr. GONZALEZ. Mr. Chairman, I intend to vote for the passage of the Housing Act amendments reported by the Committee on Banking and Currency. Yet at the same time I cannot say that this bill meets the urgent and vast needs of the country for new and rehabilitated housing, for it does not. This bill is designed, as some of my colleagues in the minority like to put it, to be "noncontroversial." In putting this bill together we have avoided controversy, but we have also failed to create the bold and brave action that is required to solve the housing crisis of this Nation. We are putting aside yet another time, as we have every year, action to deliver on the promise of a decent home for every American. It is a problem that is growing so rapidly that we cannot long afford to let the gap between housing needs and production grow, yet that is what we are doing. We are taking no action to solve the housing problem of this country today; we are simply hoping that it will wait yet another year.

But the fact is that for all too many average citizens, and I am not talking about just poor people—housing is priced completely out of reach today. We cannot ignore this problem.

Housing starts have declined at a rate that can be called nothing short of disastrous. This year alone starts of new housing have declined at an annual rate of 400,000 units, down from 1.9 million units to 1.5 million units. And this decline is continuing today. Not only is there less housing being built, but what we are getting costs more and more. The average FHA house last year cost \$20,000. Between 1965 and 1968, production of homes costing less than \$12,500 declined by 70 percent. At that same time, houses costing \$30,000 and up increased by 53 percent so that now such high-cost homes represent 40 percent of all new housing starts. Indeed, in one suburban county in the Washington area, the average home sale last year was on the order of \$41,000. This is not simply a function of growing affluence. We cannot say that Americans are enjoying such high incomes that they are not being priced out of the housing market. The fact is that today probably half the families in America make \$8,000 a year or less. Less than half the families in

America could have afforded the price of an FHA-financed home last year.

This is a crisis. Housing has been priced at a level beyond the means of average families in this country today—a situation which has not obtained since the 1920's, and which the FHA was created to change. It is a horrible admission of failure to say that the average family cannot buy housing in this country today, even housing financed by FHA.

Part of the problem lies in interest rates. Like the 1920's we have today interest rates that are nothing short of fantastic. This means that long-run cost of housing is also exorbitant. It also means that congressional enactments to meet the housing shortage will not go as far as they could or should go. For example, \$8 million of interest subsidy that could help finance a minimum of 1,500 units of housing at \$15,000 apiece on today's market will in fact finance only about 1,100 units. Obviously we must deal with interest rates—not by raising them, but by cutting them to within reason. This is a most urgent matter.

The principal action that we have seen from HUD, however, is a campaign to change building techniques, to provide for what are assumed to be faster and more efficient methods of production. This is all rolled up into "Operation Breakthrough." But I have seen nothing that resembles breakthrough in the housing market this year; what I have witnessed is a breakdown of housing production. Gimmicks will not resolve this problem.

Neither will we solve the housing shortage by resorting to the unlimited production of mobile homes, as has been suggested. The problem is that while mobile homes assuredly have their place in the housing market, a mobile home is not suitable as a solution to the basic housing need of the country. A mobile home is exactly what its name implies—temporary housing. We are not going to solve our housing requirement by temporary housing. In fact, if we were to resort to this device, we would only be building rolling Hoovervilles. For the fact is that a mobile home may be expected to last only about 12 years as a usable unit. What happens then? Let us build mobile homes, but let us not be deluded into thinking that they are going to close the housing gap.

The fact is that we must face squarely the issue that has been avoided thus far by the administration: Gimmicks do not solve our problems in housing. We can produce the housing we need in this country, but only if we allocate the necessary resources to do that job. It is a sound estimate that our housing goals can be met if we redirect 1 percent of the gross national product into the housing industry. Presently what we are witnessing is a shifting of resources away from housing and the results are calamitous. Unless action is taken to change that trend, and to obtain a commitment of resources adequate to meet the real needs of the housing industry, all the breakthroughs, and all the gimmicks HUD produces will not end the dilemma. We must confront the issues, not next year, but this year. Too much time has already been wasted, too little

real action taken, and too much gesturing done. The housing needs are here and now, and action ought to be taken here and now to meet that need. What we are doing today is too little and too timid. We are doing less than we can, and assuredly less than we should.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. HANNA).

Mr. HANNA. Mr. Chairman, in this bill we are, for the most part, extending what is already in the law, in certain restrained respects, improving certain sections of the law. But we are temporizing with the true problem of housing in the United States. We heard testimony from Mr. Martin, head of the Federal Reserve Board, yesterday, that for the foreseeable future there would be a substantial pressure of capital requirements in the United States and elsewhere in the world. That means we will be trying to solve the problem of housing in a crisis of capital. It would seem to me if we are going to avoid the constant pressure of high interest rates, we are going to have to apply some policies which direct the utilization of limited capital funds. A portion of this should be done with the true approach to fight inflation which is not now being followed; namely, to be sure what capital we have is being applied in this economy to where it produces something of value and where it is truly operating substantially to increase the velocity of this economy. This kind of policy we are not pursuing. I suggest to you at the present time, following what is happening in commercial banks, that the capital available in this country is being utilized to create mergers and to allow the growth of conglomerates. These people can pay the high costs of money. Are they contributing to the making of anything in this society which is of value and which is enhancing the total gross wealth of our country? I suggest that they are not. They are shuffling paper around changing equity and in the process inflating selected stock values and concentrating ownership.

Housing is one of the most dynamic areas in our economy. Money put into housing will have a multiple factor of 2½. That means for \$1 billion put into housing, actually, with the velocity of turnover, there will be \$2½ billion. With this there is an accompanying tax return to the Government. If one were to make an input-output economic analysis of housing dollars it would be amazingly informative as to how broadly the beneficial effects of housing dollars strike across the spectrum of industrial and commercial activity. For instance, \$1 million of housing would read out to have tens of thousands in dollar impact on extractive industries such as cement, clay, gypsum, and iron ore. Tens of thousands of dollars would be found flowing to lumber and forestry products. The same for steel and aluminum subsidiary impacts can be traced in fabrics, furniture, furnishings, appliances, and so forth, and so forth. My conviction is that such a detailed study should be made and presented to the Members of this House.

My judgment is that our inflation problems demand more attention to pro-

ductive use of capital and less emphasis on the blind restriction of capital. New money supplies based upon real value and real healthy growth of national wealth is not, I repeat, not, inflationary. Unjustified interest rates and unproductive use of capital are inflationary.

If we are going to meet inflation, we should put our capital where it will do the most good. One such proven place is in the housing industry.

These are some of the other aspects of housing if we are to solve this problem.

Let me suggest to you who own homes what should be considered when you buy a home. Do you realize that you are putting yourself in a position to pay a tax on a tax?

Most of you who have bought homes either in Virginia or Maryland have this situation. The on-site improvements such as the sewers, the utilities and streets and gutters, flood control channels, and many of these other improvements were put on your land cost which added to your house cost became your mortgage.

They were not put into a bond issue. Had they been you would have one improvement district bond to pay off by one district tax. But as part of your house price you now pay all your taxes on this added base and pay interest at the going rate for the life of the mortgage as well.

Mr. Chairman, the man building the project in which your home is located put those improvements in and added them to the cost of the lot which turns out to be a part of the cost of the house. So, over the life of your loan you are paying the interest rate on that particular improvement. Further than that, when the tax assessor comes to put the tax on your house, he taxes on that which ordinarily would have been taken care of by the bond issue but which was not.

You see, we have gotten ourselves into this kind of a position where we are tying into the price of a house a lot of things that should not be there.

For instance, when you buy insurance on your home you buy insurance based on whatever you pay for your home. I bought a home in Virginia for \$38,000. I immediately arranged for \$38,000 worth of insurance on that house. However, I find out, upon careful analysis, that the lot on which the house sits is valued at \$7,000. The lot is not going to burn up. It is going to be there no matter what happens to the house. But when you buy a \$38,000 insurance policy, you insure the lot as well as the house. This is adding to the burdens of the homeowners. We have packed so many things like that that come into the picture of homeownership to such an extent that we are in fact discouraging homeownership.

I will agree that homeowners need to increase their insurance as time goes by to be able to replace at today's prices the dwelling they now own. I will agree that it is possible that the economics of insurance risk and actuary studies may dictate increase premiums but I firmly believe that a clearer, more relevant approach would be healthier for both the insurer and the insured.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. PATMAN. Mr. Chairman, I yield the gentleman 2 additional minutes.

The CHAIRMAN. The gentleman from California is recognized for 2 additional minutes.

Mr. HANNA. Mr. Chairman, I would like to suggest to you gentlemen that if you analyze what goes into a house, there are four basic elements. There is the land. There is the lumber, there is the labor. There is the loan.

Now, in my analysis of this the thing that we have most, it seems to me, been unresponsive to is what happens to our policies with reference to land. We have the policies of the FHA, but through their failure to react appropriately, they have allowed land to go spiraling upward based upon speculation, among other reasons. We have allowed the land to escalate in value upon which the home is located. This has come about on the basis of the resale procedure. I know people who have sold land three times in order to build up the value of the land. Yet, the FHA approved an appraisal of land based on its latest sale.

Mr. Chairman, the cost of land has increased 138 percent in the last few years. That is where one of the great inflationary pressures lies in housing. Another place is with reference to the loan. If you increase the interest rate 1 percent, you increase the cost of the house 7 percent. That represents a greater increase than the increase in the cost of labor. Actually, labor has through its productivity kept up fairly well. The cost of labor in housing in relation to other costs has not shifted quite that much, but it has contributed to some extent, something like 22 percent; but certainly not to the extent that the cost of land has increased.

Then, Mr. Chairman, another place which should be considered in the field of housing is lumber, because here again it is our fault. We have followed the policy of selling our lumber and our logs abroad. By forcing our domestic users to bid against exporters we forced up prices and shortened the supply of timber. Because of a short-term policy as regards national forest output of logs we have adversely affected both the cost and the supply of lumber for our own housing industry. This conflicting policy cost homeowners over a 100-percent increase in this one building material alone early this year.

Now it really seems to me if we really are going to solve this problem, we have to give our attention to some of these specifics and we have to give the homeowner some protection so that it really is an intelligent thing to own a home in the United States. If we are going to pursue the policies that I have seen us pursuing here in the last ten years, we are going to discourage home buyers regardless of what we do in this legislation because it is discouraging home ownership.

My friends, if a home sells for \$20,000 today, you have already priced 50 percent of the people out of the market. I ask you where can you buy a new home today for as little as \$20,000. Here lies the real dilemma.

Mr. WIDNALL. Mr. Chairman, I yield to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Mr. Chairman, the basic "goal of a decent home and a suitable living environment for every American family" has not changed since it was stated by Congress in the National Housing Act of 1949. But the need to meet this goal has become immeasurably more pressing and difficult of achievement in the intervening twenty years.

In 1968 Congress again reviewed our National Housing Goals. It reaffirmed the 1949 goal and determined "that it can be substantially achieved within the next decade by the construction or rehabilitation of 26 million housing units, 6 million of these for low- and moderate-income families."

That goal is not unrealistic or impossible to reach. We have demonstrated in the space program what this Nation can do if there is a total national commitment by all sectors of the economy, public and private, to meet a challenging objective.

In the case of housing a total cooperative effort will be required. First, on the part of the Federal Government, to define the commitment and lead the Nation; second, on the part of all Americans, to control ruinous inflation; third, on the part of State and local governments, to move on restrictive zoning practices and outdated building codes; fourth, on the part of private industry, to develop new techniques for volume production of housing; fifth, on the part of organized labor, to recognize the need to revise outdated working practices which stand as a barrier to the industrialization of housing production; and sixth, and perhaps most important, on the part of Congress, to provide the resources without which all the other efforts will be for naught.

If such a commitment is undertaken, we will be in the fortunate position of saying that, just as we have advanced the spiritual dimensions of mankind through our exploration of the heavens, we have immeasurably enhanced man's physical existence here on earth.

Mr. WIDNALL. Mr. Chairman, I yield to the gentleman from Missouri (Mr. HALL).

Mr. HALL. Mr. Chairman, it is now evident that the greatest single barrier to meeting the goal of 26 million new or rehabilitated dwellings in this decade is continued spiraling inflation. There is no area in the productive sector of the economy that has been hit harder by continuous, gnawing inflation than private ownerships and housing. In 1968, alone, the average lot cost for an FHA-insured single-family dwelling rose nearly \$400. Building construction costs in housing rose 10 percent over that 1-year period. Local discriminatory codes are bad, but add on inflation; and what builder needs enemies?

Two inflationary effects have a particular impact on housing. First is the cost of labor. Construction wages are rising at a faster rate than in any other sector of the economy. According to the Bureau of National Affairs, first-year wage settlements, exclusive of fringe benefits, provided hourly increases of 17.5 cents in 1965, 19.8 cents in 1966, 34.9

cents in 1967, and 49.6 cents in 1968. Hourly increases nearly tripled in 4 years and the end is not in sight. We are not unguilty in Congress with our insistence on sacred cows of prevailing wages, Davis-Bacon, and Walsh-Healy laws, in public housing, such as this.

The second aspect is the effect on the money market. For in the financing of housing, inflation does not mean easy money, it means hard money. Mortgages are long-term fixed investments and look increasingly unattractive to investors in an inflationary economy. Hence the supply of mortgage money begins to dry up, sending interest rates all the higher.

Curbing inflation and all its effects is the single most important domestic priority of the present administration. No progress can be made in dealing with any of our problems, whether in the cities or on the farm, whether in housing or in education or in transportation or in welfare, until an atmosphere of orderly, measured, stable economic growth is achieved.

Mr. WIDNALL. Mr. Chairman, I reserve the balance of my time, and I have no further requests for time.

Mr. PATMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia (Mr. STEPHENS).

Mr. STEPHENS. Mr. Chairman, first I want to talk about section 411(a) and then to talk in general about the housing bill.

Section 411(a) of the act deals with the Farmers Home Administration and reflects an effort on the part of the House Banking and Currency Committee to give Farmers Home some of the tools it must have if that agency is to be permitted to meet the housing problems of rural America on a more realistic level.

The facts that should be held uppermost in our minds are these:

Rural America has about two-thirds of all the substandard housing in the Nation, 46 percent of all the poverty stricken, yet only 30 percent of the Nation's population. If the housing conditions that prevail in rural America applied on a proportionate basis to the entire country, we would long ago have been compelled by public sentiment to give housing the priority it should and must have.

A housing recession has existed for decades in many rural areas because mortgage credit, outside of what is provided by Farmers Home, simply does not exist. Small rural banks do not have the capacity to make long-term home loans and meet the other credit requirements of residents in the areas they serve. Consequently, Farmers Home has been, and is, the only vehicle which is consistently supplying funds to meet what no one can deny is a housing crisis.

During the last fiscal year Farmers Home made about 50,000 insured home loans, the maximum number that could be issued under existing legislative limitations. The gap between need and performance becomes painfully apparent when that 50,000 figure is compared with the 300,000 assisted housing loans that are required each year for the next 10 years to meet the national housing goals for rural America.

By law Farmers Home can make loans only to those credit worthy people who cannot obtain funds on reasonable terms from other sources. A fair translation of this situation means that Farmers Home is not just the last but the only hope of people striving to own their homes.

In recognition of this enormous, unmet housing need, subsection (b) of the act removes the present \$100 million ceiling on the amount of unsold mortgages Farmers Home can hold at one time. Taken by itself, such a provision would not mean that Farmers Home could provide more rural housing than is now the case. But subsection (e) of the act calls for the consolidation of the agency's direct and insured home loan program accounts which, in effect, would create a single loan account of \$350 million out of which both direct and insured loans can be made. The additional \$250 million would come from uncommitted funds in the direct loan account. These funds are not being utilized because the insured loan program, created in 1965, has taken over virtually the entire job of supplying home loan funds. For the most part the direct loan account is utilized to make small home repair loans which constitute credit demands that are far less than the resources in the account.

In effect, these two changes make it possible to more than double the capacity of the Farmers Home insured home loan program without having to resort to additional appropriations and without in any way diminishing the direct loan program.

Concerning the remaining parts of the act, dealing with the attempt to streamline the effort to provide rural housing through Farmers Home:

Subsection (c) enables the agency to sell blocks of insured notes backed by the mortgages it originates. As it is now, Farmers Home in essence must sell individual mortgages on the money market. These obligations require a great deal of bookkeeping by purchasers and place Farmers Home at a decided competitive disadvantage in terms of selling its paper. Sale of the notes in blocks would merely give Farmers Home the same method of marketing its paper that is being used by other agencies selling similar obligations.

Under subsection (d) of the act, Farmers Home would be authorized to make advance commitments to builders so that several houses could be built at the same time for later purchase under its insured loan program. As it is now, Farmers Home is restricted to obligation of funds to a single borrower only after a loan is approved and construction can begin only after the loan is closed. The result is construction on a one-at-a-time basis. Being able to make advance commitments means that a number of houses can be built at the same time, thus providing substantially more housing at less cost through volume production.

Subsection (f) amounts to acknowledgment that limiting Farmers Home to serving rural communities of 5,500 or less deprives many needy families from benefiting from the agency. There are many rural communities in the Nation which

have larger populations but which nevertheless are truly rural in terms of their economy. This new subsection leaves it to Farmers Home to decide, on the basis of 20 years' experience, what other rural communities, outside of built-up, urbanized areas, need and should receive its services.

In short, Mr. Chairman, these changes in title V of the Housing Act of 1949 are an effort by the House Banking and Currency Committee to somewhat expand the resources of Farmers Home and to streamline the methods by which that agency and that agency alone is confronting the Nation's rural housing problems—problems which I have indicated are proportionately far more severe than those of the cities.

I take a few minutes further today to emphasize the importance of the whole 1969 housing bill which we are debating. There is no legislation which Congress considers that is more important to the well-being of America. The serious plight of homebuilding is a major problem of the moment. I want to be able to say when we pass this legislation that we have tried to provide continued, vital homebuilding.

Public funding alone cannot solve the problem. We have realized that fact in Congress in the recent past and have taken wide and broad steps to encourage and assist private enterprise to expand in putting money into homebuilding. To name a few steps, we have created the insured housing loan program, the rent supplement program to insure private builders a profit and the interest supplement program for encouraging private lenders to build homes for low-income level people.

Since the markup of the housing bill, I have had evidence presented to me that the homebuilding industry has its back to the wall and the main reason is because there is very little mortgage money available. I did not realize how acute this was when we took up the bill. For that reason I did not offer the following amendment which at the proper time I will offer to the House as an effort to make more mortgage money available for homebuilding.

It will read as follows in regard to GNMA.

Amendment to H.R. 13827, to be offered: Page 1, after line 4, insert the following new section:

"Sec. 2. Section 305 (g) of the National Housing Act is amended—

"(1) by striking out '\$1,000,000,000' and inserting in lieu thereof '\$2,500,000,000';

"(2) by inserting 'at part' immediately after 'and to purchase'; and

"(3) by striking out '\$15,000', '\$17,500', and '\$22,500' and inserting in lieu thereof '\$17,500', '\$20,000' and '\$25,000', respectively."

I outline this amendment now so that any one interested may not think I have tried to take them by surprise by waiting until the point of amendment arises when we commence the 5-minute rule for amendments.

If my amendment is adopted, I believe that GNMA action thereunder will act to loosen up tight money now in the private sector for home building. My amendment is not mandatory on GNMA.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Louisiana (Mr.

WAGGONNER) such time as he may consume.

Mr. WAGGONNER. Mr. Chairman, last year the Congress took an important forward step in recognizing the devastation wrought by hurricanes and other forms of flooding through the enactment of a federally assisted flood insurance program. In the past, private insurance companies have not been able to provide this important protection because of the danger of catastrophic losses concentrated in hard-hit areas. As a result, homeowners and other property owners could not obtain the insurance they needed. When a major disaster did strike, some relief was available through low-interest loans and through special acts of Congress. Important as these measures are, the assistance was not immediately available and did not cover all losses suffered.

The 1968 Flood Insurance Act provided for a partnership between the Government and the private insurance industry. It was planned that studies would be made in each area to determine a true premium rate which fully reflected the long-run risk. Because this full rate in flood prone areas and those exposed to hurricane loss would often be too high for property owners to afford, the law provided that the individual would pay a relatively low rate and the Government would pay the balance of the full premium. These payments would meet losses in years of average flood damage and in years of low damage would show a surplus. However, the law recognizes that there would be years of unusually high losses and to meet this cost it was provided that the additional payments would be met from capital pledged by participating companies and by further Federal payments. Over the years the surplus from periods of low losses would offset the additional payments of disaster years. This is a soundly conceived program which will assure prompt cash payments to flood and hurricane victims for their damages, which will cover all or a substantial part of individual damages, and which the property owner will receive as a right because he has helped to pay for it through his premiums.

However, and it is a very big however, experience has shown that there is a serious technical problem in the present law. This arises from the time required to make the actuarial studies in all of the individual areas which need insurance. These rates, which are the key to private participation in the program, require careful study of the history and flood hazards of each community and so far—a full year after the enactment of the basic program—only three small places are actually eligible. The Committee on Banking and Currency in reviewing this program recognized this problem and cut through it with a simple amendment included in the pending housing bill—H.R. 13827—which says that for a 2-year emergency period the Government can go ahead and make the insurance available with losses to be met by premium income paid by property owners and by Federal payments. This simple solution is a sound one since in the long run, after full risk premium rates are set, this is the way costs will

be shared. The result will be to make flood insurance available in a great many areas right now when it is needed. Meanwhile the actuarial studies will proceed so that at the end of the emergency period the basic permanent program with private participation can take over.

The general rules of the permanent program will apply to this emergency provision. That is, a community must request that it be designated for eligibility. The community must agree to have adequate land use controls in effect by December 1971 to limit or prevent further construction in particularly hazardous areas and 1 year after the insurance has become available in the community, property owners will not be eligible for other disaster relief benefits to the extent that they are, or could be, covered under the insurance program.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Chairman, I would like to direct the attention of the chairman of the committee to page 13 of the report, with reference to the item, "Relocation of displaced families." The report makes it plain that the relocation of displaced families is a serious matter, and goes to the very heart of the problem with respect to urban relocation programs. It is pointed out in the report that there is often quite a time which elapses between the time the plan is approved and the time the actual displacement of the individuals within an area would take place. There are several reasons for that.

As the committee points out, there are changes in the vacancy rates and the availability of fewer public and federally assisted public housing units, and, of course, another reason would be the constantly rising housing costs that are always a problem.

However, the report makes this significant statement:

Currently there is no effective plan to assure that relocation programs are updated as conditions change.

The report goes on to say this:

In the hope that corrective legislation will not be necessary, we direct the Department to review the adequacy of relocation plans in renewal projects at least every 2 years.

The point I want to make is that it seems to me that directing the Department to review the plans within the next 2 years is not often enough. It seems to me there ought to be at least once-a-year review. I would like to see the legislation provide or have an amendment to this bill provide that the Department will look at this problem and will give immediate attention to it.

Mr. PATMAN. Mr. Chairman, if the gentleman will yield, I think it would be well for the gentleman to prepare an amendment along that line. I have discussed this with the chairman of the subcommittee, the gentleman from Pennsylvania (Mr. BARRETT), and he agrees also that 1 year should be sufficient, that at least it should be 1 year instead of every 2 years for the reason that it is a study, and it would be helpful.

Mr. PICKLE. Mr. Chairman, I thank the chairman of the committee. I hope

that tomorrow I will have a chance to offer such an amendment.

I was visited in my city recently by a group which pointed out that under the Housing Act of 1949, I guess it was originally, but as amended in 1965, section 105, they have this very pointed section, which is section 105(4) which says:

As a condition to further assistance after enactment of this bill with respect to each urban renewal project involving this placement of individual families, the Secretary shall require within a reasonable time prior to actual displacement certain assurance by the local public agency that decent, safe and sanitary dwellings as required by the first sentence of this subsection are available for the relocation of each such individual family.

This is the law, and this is the intent. Yet there is no provision in the act at this point that would require a definite plan. It is said that the Secretary shall demand a good plan on relocation. It seems to me if we are ever going to have a wider acceptance of urban renewal or neighborhood development programs, we must come to better grips with this relocation problem.

I think generally speaking most of the people displaced have found adequate housing, but in some cases there has been extreme unpleasantness or hardship involved. This is not the intent, but until we can solve relocation in a more satisfactory manner, we are going to have constant problems in either urban renewal or neighborhood development programs. And in fact, under NDP, the problem is even more critical because relocation must be planned and implemented within shorter time.

Therefore it seems to me that responsibility will lie with the Secretary to go into these areas and to visit with these people and to be certain that the program is working as we have directed it, and he should give us his report within each year—or at least within a year from enactment of this bill.

Mr. Chairman, I would like to make it clear that while we definitely need greater attention to the relocation problem, both in terms of updating existing plans, and in terms of making sure that those plans are adequate initially, we still should not stop our progress. Displacement of individuals and families is a critical problem, but one which should be solved as we progress. I am hopeful that the amendment I will introduce, as well as the report language present already will have a clear impact from the Washington level right down to the local authorities.

Mr. Chairman, I appreciate very much the gentleman saying he will favor an amendment along these lines. I would hope to offer such an amendment tomorrow.

Mr. PATMAN. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. RYAN).

Mr. RYAN. Mr. Chairman, the need for adequate housing for all of our citizens is certainly not new. There is really no more important item on our national agenda, for if we are really to lift the hopes and the aspirations of our people, then we must remove that daily reminder of all the ills of our society; that is, bad housing.

In 1949, Congress set a goal of the "realization as soon as feasible of a decent home and a suitable living environment for every American family."

In 1968, in the Housing Act which we passed last year, a goal of construction and rehabilitation of 6 million low- and moderate-income housing units in the next 10 years was set.

We have promised much to our low-income population in their attempts to obtain decent, safe, and sanitary standard housing. But we have delivered too little.

In 1969 there are some 7.8 million American families who cannot afford to pay for standard housing which would cost no more than 20 percent of their income.

By 1969 we should have met the needs of our population so that all income levels could live in adequate housing.

By 1969 we should have insured that no family, no person, no child would live in filth and squalor, without adequate ventilation, plumbing, and heating.

In 1969 a country as wealthy as ours should not allow 3 million families to live in substandard and unsanitary conditions.

I have introduced some 25 bills related to housing needs since the start of this session; and I testified before the Housing Subcommittee and I have pointed out a number of areas in which I believe we can make real breakthroughs in housing. I shall not reiterate those today.

However, I should like to call the attention of the Members of the House to the testimony I gave at that time. It starts at page 556 of the hearings. Particularly I should like to stress this afternoon several areas which are of deep concern to me.

PUBLIC HOUSING

Public housing should be a dynamic part of our housing program. Although Congress has been too restrictive, the Housing Assistance Administration of the Department of Housing and Urban Development has been fairly unresponsive to changing or increasing the program's operation.

The public housing program is operated on the basis of contract authorization provided by Congress. The contract authority available to HUD to enter into annual contributions contracts was \$754.26 million through fiscal year 1969, and it will be \$804.5 million in fiscal year 1970. However, the figures for actual payments made are much lower: \$350 million, plus a supplemental request of \$16 million for fiscal year 1969, and a budget request of \$473.5 million for fiscal year 1970.

The House bill increases the annual contribution contracts authorization by \$20 million on July 1, 1970. The Senate bill increases the annual contributions by the same amount on July 1, 1970, and by \$175 million on July 1, 1971.

I introduced legislation, H.R. 602, which would remove the existing dollar limit on the amount of annual contributions which may be contracted for by the Public Housing Administration to assist low-rent public housing. Large waiting lists for public housing in cities such as New York, where there are 135,000 ap-

plications pending, indicate that existing production goals are insufficient to meet public needs. The bill would make HUD contributions for public housing more responsive to public demand.

The House bill increases by 10 percent the statutory room cost limits applicable to low-rent public housing projects. The Senate bill offers a more realistic approach to the problem. It provides for a 45-percent increase of statutory room costs in high-cost areas. It requires the Secretary of Housing and Urban Development to determine the change in the building cost index in the beginning of each year and to then make the appropriate changes in the dollar limitations on room costs in the projects consistent with the cost index changes.

In addition, the Senate adopted an amendment to base the adjustments on mortgage limits and dollar per room limitations in public housing on a comparison between price index for 1968 and 1965 rather than 1968 and 1967.

Two of my housing bills dealt with statutory limitations on per room costs. H.R. 603 would provide for a \$1,000 per room increase in the statutory limit on the cost of low-rent housing projects. H.R. 10194 has a provision which would allow the Secretary of Housing and Urban Development to increase the cost limitations in order to reflect increases in construction costs for a particular geographic area. Construction costs are skyrocketing, and the limitations must be revised realistically.

A provision, which appears in the Senate bill and not in the House bill, is one affecting public housing which was introduced by Senator BROOKE. This provision, section 211 of the Senate bill, would limit a public housing tenant's rent to 25 percent of the tenant's income. The difference between the 25 percent of the tenant's income and the amount of money needed to operate the project—including better operating and maintenance services—would be made up by annual rental assistance payments made by the Secretary. The BROOKE amendment authorizes \$75 million a year for this purpose.

I urge the House conferees to agree to the Senate's section 211 in order to provide public housing to tenants of very low income who would otherwise not be able to afford it.

Both the House and Senate bills amend section 10(G) of the Housing Act of 1937 to "clarify existing authority" to fix the amount of annual contributions to public housing projects at an amount in excess of the debt service requirements.

As the administration has admitted, this is only clarifying language, which tells the Department of Housing and Urban Development to implement existing authority.

Operating expenses of the federally aided public housing program in New York City have increased to such an extent that tenants are facing increased rentals beyond their means. Given the limited financial resources of most cities, this problem can only be alleviated by increasing the amount of Federal subsidies which the Department of Housing and Urban Development is authorized to allocate to local public housing agencies.

The need for a new subsidy formula, and not just clarification of existing authority, is illustrated by the situation in relation to New York City.

According to the New York City Housing Authority, routine operating expenses of the federally aided public housing program in New York City have increased 125 percent since 1952. Rents paid by tenants, related to their incomes, have increased 72 percent. The deficits to the public housing program which have resulted have grown so acute during the past few years that it has been necessary for the housing authority to withdraw funds from its reserves. Under established procedures, the accumulated reserve funds for the New York City Housing Authority should currently amount to somewhat more than \$30 million. But the present balance, as of March 1969, is only about \$12 million. Chairman Albert Walsh, of the New York City Housing Authority, has indicated that he expects complete exhaustion of reserve funds before the close of 1970, unless rents of tenants are substantially increased without regard to their ability to pay.

The alternative for New York, then, is total exhaustion of reserve funds in 18 months or an increase in rents that most tenants simply will not be able to meet.

At the present time, the Department of Housing and Urban Development contracts to pay annually to the New York City Public Housing Authority only the sum actually required for debt service on bonds issued for the capital cost of each public housing project. Although it is my interpretation, and the interpretation of New York City Housing Authority Chairman Albert Walsh, that HUD presently has authority, under section 10 (c) and (d) of the U.S. Housing Act of 1937, to pay the debt service plus 2 percent of the operational cost of a public housing project, HUD has taken the position that the basic statute needs to be clarified. HUD seems to believe that in order to pay the 2 percent specified in section 10 (c) and (d) of the U.S. Housing Act of 1937, it is necessary to have language which specifies that the annual contribution under any contract is not limited to debt service requirements.

In other words, the bill merely states that HUD has the authority to do what I believe it already has authority to do under the existing statute. This is clear from the testimony of Secretary Romney on July 15 before the Senate subcommittee in which he said: "The amendment—section 204 of S. 2620—would not, however, permit the annual contributions to exceed the statutory maximum now established by the U.S. Housing Act of 1937."

I have previously called upon Secretary Romney to increase the subsidy for public housing in New York City to the statutory maximum through administrative action.

In light of the increasing operating costs which many public housing agencies are experiencing, I believe that mere clarifying language is an insufficient remedy for the problem. What is required is an increase in the present statutory limit.

In order to achieve that end, I have

introduced H.R. 10194, which changes the present subsidy formula so that the formula would specifically include debt service plus 1 percent and an additional amount "to the extent required to permit low-rent housing to continue to fulfill its goal of providing housing at rents which families of low income can afford to pay, taking into account such routine operating costs of the projects involved (including the cost of providing adequate security for tenants) as may be necessary or appropriate for the purpose."

In effect, H.R. 10194 would make it possible for the Secretary to determine the subsidy formula required to maintain rents at a level which low-income families can afford, taking into account normal operating expenses and particularly the cost of police protection for tenants, which, in most large cities is urgently needed. Rising crime rates in public housing projects in New York City are alarming—so much so that tenants feel compelled to organize volunteer groups to protect themselves.

My bill makes it clear that the new subsidy formula set forth in the bill would apply to existing projects as well as projects completed after the enactment of this legislation.

In view of the escalating costs of public housing agencies, I believe it is imperative that this body adopt a formula such as the one embodied in H.R. 10194. To accept only a "clarification" in language which I believe already gives clear authority to the Department of Housing and Urban Development to pay debt service requirements plus 2 percent of operating costs falls far short of what is required.

MITCHELL-LAMA

Last year, the Housing and Urban Development Act of 1968 included an amendment, which I proposed, making the section 236 interest subsidy program applicable to State and locally financed middle-income housing approved for the interest subsidy program prior to completion of construction.

It did not apply to existing projects, and there are many existing projects which need assistance in order to keep rents, carrying charges and interest rates within reach of middle-income residents. Therefore, I introduced H.R. 49—H.R. 4308 with cosponsors—to extend the section 236 interest subsidy programs to existing projects.

The problem is illustrated by the Mitchell-Lama program in New York—a program intended to provide middle-income housing. However, high interest rates and high construction costs, have resulted in rents and carrying charges that middle-income people are unable to afford. Many of the original tenants of Mitchell-Lama housing find it impossible to remain in their homes, having invested most of their savings to make the equity payments on their apartments.

The Mitchell-Lama program is in severe financial difficulty. Approximately 58,000 units of Mitchell-Lama housing—which originally was supposed to be financed at interest rates of 3 percent to 3½ percent—are on temporary financing at 4½ percent. It is expected that permanent financing will be at a rate of at least 6 percent. This means that fam-

ilies living in Mitchell-Lama developments will have to pay a large increase in their monthly carrying charges—an increase of 20 percent or higher.

I have prepared an amendment, similar to H.R. 49, which would include projects built before 1968 under the section 236 interest subsidy program. It would affect Mitchell-Lama-type housing in seven States—New York, Connecticut, Illinois, Massachusetts, Michigan, New Jersey, and Pennsylvania.

It is essential to keep carrying charges and rents at a level commensurate with the income of middle-income tenants.

Interest subsidies for pre-1968 Mitchell-Lama-type projects would cost less than subsidies to privately financed projects because these projects have interest rates which are already lower than the regular market rate.

If middle-income citizens are to be able to live in housing which they can afford and still remain in the inner city, then they need assistance in coping with spiralling interest rates.

I certainly hope the committee will bear this problem in mind when we consider the bill under the 5-minute rule.

SECTION 236

The House bill increases by \$25 million—from \$75 to \$100—as of July 1, 1969, the aggregate amount of contracts that the Secretary of Housing and Urban Development may enter into to provide interest subsidies.

The House bill similarly provides for an increase as of July 1, 1969, of \$25 million for the section 235 homeownership program. However, the Senate bill does not increase the amount for these programs until July 1, 1971, and then to \$170 million.

The House has recognized the need to increase the amount in order to meet current needs. Earlier this year I introduced supplemental appropriations bills to provide the full authorized amount for section 235 and 236.

Section 236 provides that a tenant pay a fair market rental determined by the owner's payments on the principal, interest, and mortgage insurance premiums. Rent is defined as the basic rental charge or more, equal to 25 percent of the tenant's income. However, the rent cannot exceed the fair market rental charge.

Because of the high costs facing owners of rental housing, rents reach the 25-percent mark, thus creating hardships for tenants, who cannot afford to pay 25 percent of their income.

Inasmuch as the section 235 homeownership program is based upon 20 percent of income, I believe it would be equitable to make 20 percent the figure for a tenant who pays rent or a cooperator who pays carrying charges.

RENT SUPPLEMENTS

The House bill does not increase the contract authority available for the rent supplement program. However, the Senate bill increased the contract authority by \$82 million beginning with fiscal year 1972. The Senate bill also would allow the Secretary of Housing and Urban Development to increase from 20 to 40 percent, the maximum amount of rent supplement units in housing receiving section 236 interest subsidy.

I have expressed my concern to Secretary Romney with the fact that only 20 percent of the units in a section 236 project could be occupied by rent supplement tenants and have sponsored remedial legislation. I support the Senate change, and I urge the House conferees to accept it.

The problem of high rents also plagues the rent supplement program. Large families are forced to pay rents that they really cannot afford. There are two ways that this problem can be solved:

One, which is envisioned in my bill, H.R. 608, is to increase the rent supplement payments for tenants with larger families. The annual payments made by the tenants would be reduced by \$200 for each member of his family, other than himself and his wife, who has no income.

The other way to cut rents is to reduce the requirement that a rent supplement tenant pay 25 percent of his income for rent to 20 percent, as I have proposed, under the section 236 interest subsidy program.

The rent supplement program must be relevant to the needs of the people it is supposed to serve. It is not relevant when in New York City, for example, the maximum income limit for eligibility is \$6,100. There are many needy, low-income families that cannot participate in the program because their income is \$6,100. In New York City the highest income of a rent supplement tenant is \$5,450 with a family of seven.

In order to make the rent supplement program work more effectively, the formula should be changed by relating it to family size or by cutting the percent of income he must pay in rent to 20 percent.

LEAD POISONING

Lead poisoning is a silent epidemic affecting thousands of young children in the substandard housing of our urban slums.

This is not a disease whose cause and cure is unknown.

Its cause is lead-based paint which lines the interior surfaces of dilapidated housing. The paint peels and falls off within easy reach of young children, who often eat it.

I have introduced three bills to deal with this problem.

H.R. 9191—H.R. 13256, with cosponsors—establishes a fund in the Department of Health, Education, and Welfare from which the Secretary may make grants to local governments to develop a program to identify and treat individuals afflicted by lead poisoning—\$7.5 million would be authorized for this purpose annually for 3 years.

H.R. 9192—H.R. 13254, with cosponsors—would authorize the Secretary of Housing and Urban Development to make grants to local governments to develop programs for the detection of the presence of lead-based paints and to require that owners and landlords remove it from interior surfaces; \$13.5 million would be authorized for this bill annually for 3 years.

And H.R. 11699—H.R. 13255, with cosponsors—would require that local governments submit and have approved by the Secretary of Housing and Urban Development an effective plan for elim-

inating the causes of lead-based paint poisoning as a prerequisite to receiving Federal funds for housing rehabilitation or code enforcement.

The elimination of lead-based paint poisoning and the elimination of such paint from inner city housing is an urgent task which this legislation will help to accomplish.

Mr. Chairman, I should like to briefly mention a number of bills which I have introduced in the areas of public housing, urban renewal, relocation, and cooperative housing. All of these legislative proposals would increase the supply of low- and moderate-income housing and also make our housing policies more humane and equitable. I urge the Committee on Banking and Currency to give them prompt consideration.

PUBLIC HOUSING

My concern has constantly been that the public housing program is falling far short of its purpose: to provide standard housing to people at low cost. The program has been slow, unresponsive to large families, and unreflective of the needs and demands for the program. I have introduced a number of bills to make the program more responsive.

H.R. 601 would amend the 1937 Housing Act to remove the existing per centum limit on the amount of assistance which may be provided under low-rent housing in any one State.

Public housing should be built where the need is greatest and not on the basis of an artificial quota system.

H.R. 604 would amend the 1937 Housing Act to provide that a tenant in low-rent public housing not be evicted without a public hearing.

This is consistent with American ideals of justice. Present legislative and administrative regulations do not require that the tenant be afforded due process of law and the right to present his case.

H.R. 607 would broaden the opportunities under the 1937 Housing Act for occupants to purchase units they are living in.

This bill would make it possible for all or part of a public housing project to be converted to a nonprofit cooperative housing corporation or trust fund formed by occupants of the project.

URBAN RENEWAL

The urban renewal program has too often ignored the housing needs of the poor both in the planning and the administration of the program.

H.R. 597 amends the 1949 Housing Act to prohibit construction of luxury housing in the redevelopment of urban renewal areas.

It would also insure that all the housing built on renewal sites be low and moderate income in nature.

H.R. 606 amends the 1949 Housing Act by removing the 12.5-percent limit on the amount of grant assistance which may be provided under urban renewal for one State.

This is an artificial quota which is cutting back on urban renewal which is greatly needed in our metropolitan areas.

RELOCATION

I introduced seven bills, H.R. 597, 598, 599, 600, 609, 10266, and 10651, which would substantially improve the proce-

dures of relocation caused by urban renewal programs.

These bills aim at a fair, just, and humane method of relocation.

COOPERATIVE HOUSING

I have introduced two bills, H.R. 51 and H.R. 596, to deal with cooperative housing.

H.R. 596 would amend title II of the National Housing Act to provide Federal Housing Administration mortgage insurance for individuals purchasing dwelling units in cooperative housing projects in the same way that such insurance is provided for individuals purchasing other single-family residences.

H.R. 51, the Cooperative Rehabilitation Housing Act, which would provide Federal assistance to enable tenants of multifamily housing in low and moderate income urban areas, organized as cooperatives, to acquire and rehabilitate such housing.

It would further the opportunities for homeownership similar to the provision for section 235 homeownership for lower-income families programs authorized in the 1968 Housing and Urban Development Act.

Mr. Chairman, the issues which I have brought up today are essential to this country's goal of "the realization as soon as feasible of the goal of a decent home and suitable living environment for every American family" which was set in 1949.

I urge the House to remember how far from that goal we are and to act to fulfill the hopes which have been kindled for so long.

Mr. FEIGHAN. Mr. Chairman, I urge support of H.R. 13827, the Housing and Urban Development Act of 1969.

Last year, Congress enacted the most progressive piece of housing legislation in our history. The 1968 Housing and Urban Development Act was designed to be a 3-year start toward achieving the goal of building 26 million units within the next 10 years.

The primary purpose of the 1968 act was to depart from traditional concepts of Federal subsidization of housing in an effort to provide a decent home and a suitable living environment for every American family. It was the feeling of Congress that the necessary resources and capabilities existing in the public and private sectors of the economy had not been marshaled. Thus, Congress sought to utilize more fully private enterprise and individual self-help. Sections 235 and 236 of the 1968 act exemplified this philosophy. Those sections authorized new subsidy programs to reduce mortgage interest rates for lower income families to as low as 1 percent. These low interest rates would enable families to improve their living conditions.

Substantial progress has been made under previous housing legislation. Federal participation in housing has resulted in job creation, business development, economic growth, environmental improvement, and human development.

However, pressing problems remain which require our immediate attention. As a nation, we have failed to keep pace with our ever-increasing needs for more and better housing.

The 1969 Housing and Urban Development Act before us today represents an accelerated effort to accomplish the vast housing goals set forth in the 1968 act.

Among its provisions, H.R. 13827 would amend sections 235 and 236 by increasing the amount of contracts HUD may enter into under each program in the current fiscal year from \$100 million to \$125 million. This increased authorization is necessary in view of the spiralling land and construction costs and high interest rates.

H.R. 13827 would also increase the percentage of homeownership assistance payments which could be made for existing housing under section 235. The gradual reduction of the percentage, as provided by the 1968 act, must be delayed since the tight credit market has so significantly curtailed new housing starts.

Another section of H.R. 13827 would increase the per dwelling unit limitations on mortgages purchased by the Government National Mortgage Association from \$17,500 to \$22,000. The basic \$17,500 limitation has been unchanged since 1959. In recent years, however, this limitation has proven unrealistically low. It has inhibited the use of section 221 (d) (3) below-market interest rate programs in many high cost areas, including Cleveland.

H.R. 13827 has a number of other provisions which would expand existing programs. The model cities program is authorized an additional \$750 million for fiscal year 1971, while funds for the urban renewal program would be increased by \$2 billion. These programs must be expanded.

Other important provisions of H.R. 13827 would expand the neighborhood development and flood insurance programs and remove the income limits for loans under the rehabilitation loan program.

Mr. Chairman, we appear to be in the first stage of a national housing recession. New housing starts have fallen off and, if the present rate continues, could drop below 1 million—about half of last year's rate—by this coming January. Increased costs due to inflation have placed homes beyond the financial means of millions of Americans. The inability of people to raise money for housing has consequently hurt the housing industry and, particularly, the smaller builders and contractors who support it. As a result of this vicious circle, thousands of employees are losing jobs.

Mr. Chairman, it is imperative that we enact the Housing and Urban Development Act of 1969, which would help to reverse these undesirable trends. We must move on toward our stated goal of decent housing for every resident in the United States.

Mr. EILBERG. Mr. Chairman, I rise today for the purpose of expressing my opposition to the amendment which I have been advised will be offered by the gentleman from Illinois (Mr. ANDERSON). This amendment has been called the breakthrough amendment and at first blush it appears that to oppose it would be like voting against motherhood and the flag. I encourage those of you who have not read the material which the

Building Trades Department of the AFL-CIO sent to all our offices to do so to get an in-depth look at the highly objectionable results which adoption of this amendment could bring.

Mr. Chairman, I am confident that the Members will study the Anderson amendment carefully and not be caught up in the mumbo-jumbo of the governmentese and high sounding phraseology which no doubt will be used in this Chamber in an effort to gain support. I want to make it quite clear that I do not oppose the use of the best of the new building techniques in the attempt to meet the pressing housing needs of the Nation neither do the Building and Construction Trades Union. However, I do believe that adoption of this amendment will set up the Secretary of the Department of Housing and Urban Development as a housing czar with the authority to dictate terms of collective bargaining agreements and scuttle existing agreements which are lawful under the National Labor Relations Act. The effect of this amendment would be counterproductive in my opinion and would severely disrupt labor-management relations. I oppose letting the Secretary of Housing and Urban Development become a housing czar. The amendment provides no safeguards against arbitrary and discriminatory action. This amendment fails to take into account the complex issues and delicate problems which are involved. It should not be considered without public hearings and extensive legislative redrafting.

Mr. TUNNEY. Mr. Chairman, the lack of adequate housing in this country is a disgrace which is fast reaching the point of disaster. We move further and further from our goal of a decent home and a suitable living environment for every American family, announced in 1949. Increased building costs and a credit crunch have dimmed the hope of constructing 26 million new units in the next decade, include 6 million new publicly assisted units.

The destructive impact of poor housing is incalculable. The costs of the blight in housing skyrocket, while we squander billions in space, and feed the insatiable appetites of the Pentagon. Our priorities are tragically out of balance. We must rechannel some of our billions to defend our environment and to explore ways and improving our quality of life.

Early efforts to meet the housing needs of the poor only intensified the problems which wrack our cities. Public housing massed the poor in penitentiary-like monoliths which quickly became dilapidated and ridden with crime. The rent supplement program compounded the problem of concentrating the poor in ghettos.

I voted for the rent supplement program when it was proposed. The concept of rental assistance at its inception promised those most in need an opportunity to break out of the ghetto. This opportunity proved to be an illusion. Subsequent appropriations contained a proviso that certain local bodies could veto construction of rent supplement projects in their areas. Projects were therefore built in blighted areas. The program in practice served only to perpetuate the

worst evils of public housing. I could not support the program in this form.

A new approach was charted in the Housing Act of 1968. Section 236 of that act authorizes direct interest rate subsidies on new projects for moderate as well as low-income persons. At the same time up to 20 percent of the units in a 236 project can be supported by rent supplements.

Now for the first time we have the opportunity to support construction of housing projects outside the ghettos, in which not all the tenants will share the same level of degrading and demoralizing poverty. This is bound to enhance the pride and initiative of those who rely on rent supplements until their incomes rise.

No projects have yet been completed, but of the almost 500 which have been approved, a significant number—288—are located in the suburbs and in outlying urban areas.

The Housing Act of 1968 also charted a second significant course designed to enhance the dignity and independence of the poor by authorizing homeownership assistance payments. These payments can help those with low incomes purchase one or two family homes, condominium units, or enable them to become members of a cooperative association, which may have previously been a publically assisted rental project.

Together, the interest reduction and homeownership assistance programs offer a real possibility of achieving our goal of building 6 million new publically assisted units during the 1970's. Even at the start, however, it is critically uncertain whether we are going to carry these programs forward with enough momentum. H.R. 13827 raises the aggregate amount of contracts which the secretary can enter to make both homeownership assistance and interest reduction payments.

I seriously question, however, whether the amount of the increase—from \$100 to \$125 million, in addition to the \$75 million already authorized prior to July 1969, is sufficient even if these authorizations were reflected in actual appropriations—which they decidedly are not—neither program would approach the \$1 billion level for years to come. Is this too much to pay for a program which promises to relieve this dreary existence of those with low or moderate incomes who are forced to live in housing which is crowded and inadequate? I do not think it is too much to ask to devote a small fraction of our national budget to this important goal.

It is also essential to increase the limitations on construction of publicly assisted housing units to realistic levels, which reflect actual construction costs. I am pleased to see that the bill attempts to meet this problem, but it does not appear that the limits are made flexible enough to stimulate greater activity in high cost urban areas.

Considering the changes in the program that have been wrought by section 236, I am disturbed by the fact that the bill does not make provision for additional increases in the rent supplement contract authorization for the 1972 fiscal year. The bill as passed in the Sen-

ate provides \$82 million for this purpose. The Senate bill also increases from 20 to 40 percent the percentage of units in a 236 project which may be occupied by tenants receiving rent supplements. With the passages of the Housing Act of 1968, rent supplements offer a true opportunity for low income persons to escape the confines of the ghetto, and to move closer to available jobs better schools and recreational facilities. I therefore urge those who have opposed this program in the past, as I have, to give it renewed consideration.

H.R. 13827 fails to make any provision for extending FHA mortgage insurance in the case of loans for the purchase of mobile homes. I believe that such a program should be available for persons who use a mobile home as a principal place of residence. There are now 6 million Americans who live in mobile homes. For substantially all low-income persons, mobile homes provide the only housing which can be purchased for \$12,500 or less. The days are over when trailer parks constituted slums on the fringes of our cities. Mobile home courts today are well designed, landscaped, and provide necessary community facilities.

Availability of FHA loans on mobile homes would produce dramatic reductions in monthly financing costs. Interest rates on noninsured loans are now 12 percent and more.

We should put an end to a situation where high interest rates make it impossible or extremely burdensome for persons with low incomes to resort to the only form of low-cost, mass-produced housing on today's market. I do not believe that such a step would siphon money away from conventional home financing, and it would provide for a range of choices of low-income housing.

I support the application of technological breakthroughs in the construction of residential housing. I have cosponsored legislation which would assist in developing uniform building codes which are today a major obstacle to the construction of economical, high-volume housing. I do not believe, however, that it is necessary to grant the Secretary of Housing and Urban Development vague, but broad powers to intrude into matters involving union practices. It is clear that coordinated efforts on the part of labor, business, and Government are necessary to solve the problems of introducing new approaches into the building industry. I do not feel that the way to begin solving these problems is by granting bureaucratic power to interfere with the collective bargaining process. I therefore oppose any amendment which would have this effect.

In general, this bill serves effectively in implementing existing housing programs. It holds out the hope that our efforts to ease a severe housing shortage and to relieve urban blight may at last be picking up speed.

I am encouraged to see that new impetus is given urban renewal through further bolstering of the model cities and NDP programs.

Hundreds of communities have adopted NDP programs. However due to a limitation on funds imposed by the

Bureau of the Budget, the projects have been delayed. Present law limits eligibility to 3 years. I cosponsored an amendment which extended the period of eligibility for an additional year. The committee adopted this amendment which prevents the loss of local noncash credits for hundreds of communities with NDP applications currently pending.

A similar situation exists with respect to Federal grants for water and sewer facilities. The Housing Act extends for an additional year the eligibility of application under the water and sewer program.

I am also pleased that the bill extends the national flood insurance program to cover losses from water-caused mudslides. I believe we should go even further and include damage from earthquakes and resulting earthslides. I have introduced legislation which would cover losses from such natural disasters, in the absence of a comprehensive insurance program to protect against a wide range of natural disasters, a provision to cover mudslides marks an important step forward.

Mr. FRASER. Mr. Chairman, I want to add my support to the Housing and Urban Development Act of 1969, H.R. 13827. I know that this legislation will significantly improve the effectiveness of our on-going housing and urban development programs.

I am particularly pleased that H.R. 13827 emphasizes the importance of the neighborhood development program—NDP—the new system of urban renewal authorized by the 1968 Housing Act. NDP was intended to streamline the cumbersome renewal process which often involves periods of up to 10 years between planning and completion of renewal projects.

The committee report for H.R. 13827 comments on the popularity of NDP as evidenced by the positive response of local communities to this new program. Since the inception of the program, 35 cities have received NDP grant contracts. More than 280 other communities, including my district—Minneapolis, Minn.—have NDP applications on file with HUD or are about to submit applications. The report states:

This initial reaction to NDP confirms the committee's judgment that this was a desirable change and should serve to accelerate renewal efforts.

The report goes on to stipulate that administrative regulations affecting NDP should be no more restrictive than regulations affecting conventional renewal projects. It is fortunate that this language was included in the report because I am afraid that the Department of Housing and Urban Development may not share our enthusiasm for NDP. We have received indications that HUD intends to impose certain new restrictions which could make NDP even less flexible as a renewal tool than the conventional project system. Such restrictions would seem to be in clear violation of the intent of the 1968 act, as well as in violation of the intent of the legislation before us today.

A large number of us here in the House

have been distressed by the reports that HUD intends to downgrade NDP. In order to express our concern, 85 of us today joined in sending the following letter to Housing and Urban Development Secretary George Romney:

HON. GEORGE ROMNEY,
Secretary, Department of Housing and Urban
Development, Washington, D.C.

DEAR MR. SECRETARY: We want to indicate our deep concern about certain proposals under consideration by your Department to restrict the operation of the Neighborhood Development Program. The restrictions discussed in your October 3 press release would, in our opinion, destroy the long-term effectiveness of NDP as a tool to aid the redevelopment of communities in our districts.

We can appreciate the current financial restraints under which your Department must operate but we do not believe that this situation justifies restrictions which would alter the nature of the program. According to your October 3 release communities will only be able to use NDP to fund those limited kinds of renewal activities which can be completed in two years. This condition automatically eliminates all projects involving acquisition or relocation activities which involve even modest complications. Such a restriction is certainly not consistent with the HUD description of the program which prompted our cities to submit applications. Many of our communities had hoped to use NDP to fund major citywide renewal efforts but this option will effectively be foreclosed by your proposed restrictions.

We are also concerned about restrictions being placed on the conversion to NDP of projects currently approved under the conventional system. Conversion would permit the allocation during the current fiscal year of funds already appropriated by Congress and already reserved for renewal activities in many communities with pending NDP applications. Since the need for immediate redevelopment action is so great in so many of our communities, we can see no value in large amounts of renewal funds lying idle merely because administration restrictions do not permit their transfer.

As you know, the 1969 housing bill reported by the House Banking and Currency Committee, H.R. 13827, stipulates that \$400 million in FY 1970 urban renewal funds be earmarked for NDP and that 35% of all urban renewal appropriations in succeeding years be earmarked for NDP. In addition, the report on H.R. 13827 stipulates that administrative regulations for NDP should be no more restrictive than regulations for conventional renewal. Although this bill has not yet been adopted by Congress, it would seem inappropriate for the Department to issue guidelines that would violate the intent of pending legislation which has been favorably reported.

We are convinced that the Neighborhood Development Program holds the key to a new and more effective system of urban renewal, and we want to conclude by urging you to reject any proposals which will weaken this important new tool.

Sincerely,

Brock Adams, Carl Albert, Bill Alexander, William Anderson, Thomas L. Ashley, Ray Blanton, John Blatnik, Edward Boland, John Brademas, William S. Broomfield, Daniel Button, Frank M. Clark, Don H. Clausen, William Clay, Jeffrey Cohelan, John Conyers, Jr., Robert J. Corbett, John C. Culver, John W. Davis, John H. Dent, Charles C. Diggs, Jr., Florence P. Dwyer, Don Edwards, Edwin D. Eshleman, Frank E. Evans, Michael A. Feighan, Daniel J. Flood, William Ford.

Donald M. Fraser, Samuel N. Friedel, James G. Fulton, Cornelius Gallagher,

Joseph M. Gaydos, Sam Gibbons, Henry B. Gonzalez, Kenneth J. Gray, Gilbert Gude, Lee H. Hamilton, James M. Hanley, William Hathaway, Ken Hechler, Henry Helstoski.

Chet Hollifield, Frank Horton, James J. Howard, William L. Hungate, Andrew Jacobs, Jr., Peter N. Kyros, Robert L. Leggett, Manuel Lujan, Jr., Paul N. McCloskey, Joseph M. McDade, Ray J. Madden, Spark M. Matsunaga, Patsy T. Mink, Joseph G. Minish, Robert Mollohan.

Thomas E. Morgan, John E. Moss, Lucien N. Nedzi, Arnold Olsen, Richard L. Ottinger, Jerry L. Pettis, J. J. Pickle, David Pryor, James H. Quillen, Henry Reuss, Howard W. Robison, Peter W. Rodino, Byron G. Rogers, Fred B. Rooney.

Fernand J. St Germain, William L. St. Onge, Herman T. Schneebeli, Robert L. Sikes, Louis Stokes, W. S. Stuckey, Jr., Al Ullman, Guy Vander Jagt, Joseph P. Vigorito, Frank Thompson, John V. Tunney, Charles A. Vanik, Charles Whalen, Gus Yatron.

Mr. Mr. DONOHUE. Mr. Chairman I urge and hope that the House will approve this bill before us, H.R. 13827, the Housing and Urban Development Act of 1969. This measure provides for a 1-year extension of the Federal Housing Administration's mortgage insuring authority, authorizes funding for fiscal 1971 urban renewal and model cities programs, expands, and improves related housing programs, and speeds up the procedure for temporary protection under the flood insurance program.

Under title II I would like to emphasize the importance of the two sections affecting the neighborhood development program that is so closely related to the model cities program. Section 202, under title II, would reserve at least \$400 million of fiscal 1970 renewal funds and 35 percent of fiscal 1971 urban renewal authorization for neighborhood development programs.

Section 203 recommends an extension, from 3 to 4 years, of the period of eligibility for local grant-in-aid credit and urban renewal and neighborhood development projects for pending applications filed on or prior to enactment of the bill.

Mr. Chairman, decent housing in a decent environment for our American citizens and families is absolutely essential for the existence and progress of a stable and productive society. Obviously, from the testimony of experts, this foundation pillar of our society is in a tragically weak and decaying condition.

It must be renewed, shored up and strengthened by every reasonable means at our disposal if we intend to preserve this American society and encourage its progress in our original concept of making this country the best place on earth in which to live.

The voice and testimony of authority tells us that simply to house new families and to replace the normal demolition of old housing units will require the construction of 20 million new dwellings over the next 10 years.

In addition, 6 million new or rehabilitated units are needed for lower-income families now living in big-city slums slated for renewal.

Mr. Chairman this gigantic task is beyond the resources and capacities of our

various communities by themselves; they urgently and desperately need the continuing financial assistance of the federal government to carry on and out the enormous job of rehabilitating themselves and providing decent housing for their elderly, their low- and middle-income families. Over these past several years the Congress has recognized and attempted to respond to the urgency of this nationwide housing problem and particularly so when we approved the original model cities program and the Omnibus Housing Act of 1968.

In these legislative actions we pledged the word of the Congress and the resources of the country to the wholesome objective of providing decent housing for American citizens, improving their environment, and rehabilitating the slum areas within most of our cities.

Mr. Chairman, relying upon this congressional pledge and trustful of the executive department's cooperation, many American cities, like my own home city of Worcester, Mass., and other communities within my district have invested substantial amounts of community money as well as much time and overtime of community officials and sacrificing citizen volunteers in applying for Federal assistance and looking forward to implementing the planning and preparations that they have made to bring new life and hope and health and opportunity to their fellow citizens, neighbors and friends.

Right now, my home city of Worcester, which has a nationally recognized reputation for community dedication, planning, and fulfillment of housing and other programs, is waiting upon approval of action funds to carry out our model cities and neighborhood development programs.

Of course, there are many other communities throughout the country that are also waiting for the good word from the Housing and Urban Development Department. We hope that this administration and the Department will not disappoint them and it is up to us, in the Congress, to try to insure that they will not be disappointed and that all their dedicated work and efforts will not have been in vain.

This bill before us, however imperfect and however much many of us would like to expand its range and effort, is still a further forward step towards providing our American citizens with the decent housing and environment they desperately need and it offers us a further opportunity to demonstrate that the Congress will now and hereafter keep its own word and fulfill its own commitment.

Without question, this measure represents a prudent investment for the cure of a critical problem in the national interest at a most challenging period of our domestic history and I hope it will be, therefore, resoundingly approved.

Mrs. MINK. Mr. Chairman, I rise in support of H.R. 13827, the Housing and Urban Development Act of 1969.

Housing is one of our most pressing national problems. In Hawaii it is probably the biggest challenge we face. Admittedly, the legislation before us today does not attempt to deal with the core

of the housing problem, which is the lack of mortgage money compounded by high interest rates.

As the committee report says:

The Home building industry and the home buying public are confronted with the highest interest rates in a century and an inadequate supply of mortgage credit. This has sharply curtailed new housing starts and added heavily to the cost of both home ownership and rental housing. While this bill is not directed to that problem, the committee is deeply concerned over the steady escalation in mortgage interest rates and the serious shortage of housing, particularly the shortage of low-cost housing.

Nevertheless this bill will give us a few modest steps forward in this mammoth task. It extends the Federal Housing Administration mortgage insuring authority, provides necessary funding authorizations for fiscal year 1971 for urban renewal and the model cities programs, adds a number of improvements to rural housing programs, and makes an important new provision in the existing flood insurance program to make this protection promptly available.

What the bill cannot do, however, is force the Department of Housing and Urban Development to take full advantage of the authority conferred by Congress to meet the housing crisis. Our experience so far this year is that hundreds of millions of dollars remain unspent while thousands of our families desperately seek the housing they need. Some programs have been terminated; others are placed in a freeze. New guidelines are issued which force out longstanding applications. Meanwhile the backlog of requests for housing assistance mounts.

The Department now assures us that Operation Breakthrough will save the day. Meanwhile, the Tandem plan which would give Government funds high leverage in stimulating housing sales has been delayed, and the guaranteed mortgage-backed securities plan has been on the shelf for more than a year. Now HUD says the plan will be limited initially at least to the pass-through type of security which is really just mortgage participation.

One would hope to see better effort from HUD than this, and the Nation's prospective home buyers and apartment renters are denied what could be highly effective assistance.

Just recently the Department issued new guidelines for the neighborhood development programs which again thwart congressional intent. Potentially, highly deserving projects in Honolulu and Hilo, Hawaii, could be affected by this, and I have asked the Secretary to approve these projects for funding notwithstanding any changes in the guidelines. So far only 35 of the 150 cities that applied have received grants because the administrative restrictions on conversion from conventional urban renewal have tied up large amounts of available funds. I suppose the answer is that retrenchment is the keynote of this administration which has cut back Federal construction by 75 percent.

I support the adoption of this legislation, but I also hope that we can do more than this to meet our housing problems.

Prompt, far-reaching measures are needed to provide adequate housing for the many citizens of Hawaii and other States who are currently staying in inadequate or substandard facilities.

Mr. COHELAN. Mr. Chairman, I rise in support of H.R. 13827, the Housing and Urban Development Act of 1969. There are many good features in this bill, but I would like to focus on those programs that affect the core cities. It was only a few short months ago when I, together with many of my colleagues, attempted to restore needed funds to the 235 and 236 programs. We were unsuccessful in this fight. The 235 program provides homeownership assistance payments to our less fortunate citizens. The 236 program provided interest subsidy payments for rental housing.

In the prior appropriations bill, the funds available for this program were cut by \$50 million. As I pointed out during that debate, there is the culminative effect of this cut of over \$1.5 billion because every dollar in the 235 and 236 programs builds \$12 worth of housing. I was happy to see that the Banking and Currency Committee shares the view of the necessity of these programs and increased the authorization by \$25 million for both the 235 and the 236 programs. This represents an enlightened attitude toward partially meeting the problems of urban decay. I support this new \$125 million authorization for new contract authority under the 235 and the 236 programs. This figure represents a minimum investment. If the economic situation were different I would support even greater increases in these programs. Coming from a district that has had experience with these programs, I am in a position to know what these programs mean to urban renewal efforts.

I am happy to note that the committee revised the percentage of contracts available for existing housing to 30 percent under the 235 program. This, I feel, provided needed flexibility in the 235 program since the new and rehabilitated housing has been hard hit by the continued inflation and remains out of reach for the underprivileged citizens that the 235 program was designed to help.

There are other sections that I feel must be commented on. I know from firsthand experience the problems that are besetting the neighborhood development program. Representatives of the Oakland and Berkeley redevelopment programs have worked with me in attempting to secure the needed funds for the already approved programs. The confusion and the delay is not unknown to many of my colleagues on both sides of the aisle. It was this experience that forced me to recently join in a letter signed by a bipartisan group of 85 House Members to Secretary George Romney decrying the handling of the NPD programs. My reason for supporting this action was my experience with the programs in Berkeley and Oakland and the October 3 press release from HUD stating that only projects that can be completed in 2 years can be funded by NPD. This is not consistent with the earlier HUD description of the program which prompted many of our cities to engage

in needed and widespread renewal efforts using the NDP funding approach rather than conventional grants and loans.

While I realize the economic pressures that can make such cuts in spending look attractive and even necessary, I cannot escape the feeling that these inflationary cuts and bureaucratic readjustments are being taken out of the programs that serve to ameliorate festering social needs that cry for action. It is for these reasons that I was pleased to see that the Banking and Currency Committee increased urban renewal funds by \$2 billion on July 1, 1970 and reserved \$400 million of fiscal year 1970 renewal funds and earmark 35 percent of fiscal year 1971 urban renewal authorization for funding neighborhood development programs.

I was especially pleased to note in the committee report the recommendation that these cities which have undertaken urban renewal under the NDP be not more administratively restricted than those cities seeking assistance under regular renewal projects. This, I feel, is vital. Many cities were aggressively pressed into accepting the NDP method of urban renewal because it was billed as the ways of the future, and now their money is tied up in "agonizing reappraisals," "bureaucratic restructuring," and a host of other terms that mean the same thing—no money for approved projects. I commend the committee for underscoring this point and for specifying that Federal grant contracts shall be written for 2 years instead of the present 1 year for NDP. This will facilitate the planning process for urban redevelopment.

I support the \$750 million increase for the model cities program for fiscal year 1970. The use of the model cities approach to planning and effecting changes in urban problems, by using a variety of programs, seems to work. The use of this additional money for planning and implementing programs designed for education, job training, health, and slum conditions is a vital effort. The experience in Oakland and Berkeley has convinced me that in spite of small setbacks and limited visible accomplishments, the efforts of the model cities program should be continued and expanded. The needs of this country cry out for assistance, and only by adequate funding and administering programs such as those like the model cities, can we hope to contain, to say nothing of defeat, the pervasive problems of poverty that ensnare so many of our citizens.

Mr. Chairman, I am first to admit that the Federal urban renewal programs can and should be tightened and restructured, but so much of the activity of the administration is reminiscent of a doctor applying a tourniquet to a patient's neck when there is bleeding in the finger. I would like to work with the administration in attempting to solve the problems of poverty and poverty-related ills. But this will not be accomplished only through administrative changes, although they are necessary. What is needed is a basic commitment on the part of the administration to find a solution to our social ills. This will not be found simply through small demonstration

projects, like Operation Breakthrough, although concepts like Breakthrough should be tested. What is needed is the allocation of money for strong and effective programs. I think that the NDP and the model cities program offered a hope that, pardon the expression, a breakthrough in these urban problems was possible. Even realizing the problems of inflated expectations and lack of available funds, these programs that I have discussed seem to hold some promise for halting the cancerous decay of our cities.

Mr. WHITEHURST. Mr. Chairman, the omnibus housing bill of 1969, H.R. 13827, is not as comprehensive as some of the housing legislation that has been considered in the past. It does, however, deal meaningfully with problems we are currently facing. For this reason it has my wholehearted support.

Currently we are faced with the problem of meeting the need for 2.6 million housing units per year for the next 10 years. These 26 million units must be supplied in spite of the current high rates of interest, the shortage of mortgage money, and the increase in the cost of housing construction.

To combat these problems this legislation not only extends the basic authority of our housing programs, but also liberalizes and expands these programs so that urban renewal and individual homeownership programs can be more effective, thereby reaching more people than is currently possible.

I am also pleased to see that the bill contains a liberalization and expansion of the flood insurance program extending this coverage to many thousands of people that might otherwise face financial ruin in the event of a physical disaster, such as Hurricane Camille. Mr. Chairman, I feel this is a good bill, and I certainly hope the House gives it favorable consideration.

Mr. PATMAN. Mr. Chairman, I am advised by the minority that they have no further requests for time, and I have the same situation.

The CHAIRMAN. Does the gentleman from Texas have any further requests for time?

Mr. PATMAN. I have no further requests for time, Mr. Chairman.

The CHAIRMAN. Does the gentleman from New Jersey have any further requests for time?

Mr. WIDNALL. I have none, Mr. Chairman.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the bill by title. The Clerk read as follows:

H.R. 13827

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 "Housing and Urban Development Act of 1969".

PARLIAMENTARY INQUIRY

Mr. STEPHENS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STEPHENS. I have an amendment to offer. It is to page 1, after line 4. Is it appropriate to offer the amendment at this point?

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the Committee now rise, and then the gentleman's amendment will be the first order of business tomorrow.

The CHAIRMAN. If the gentleman from Texas will suspend, as the Chair understands it, the gentleman from Georgia would like to know whether or not his amendment would be in order on page 1, line 4, at the end of the period after "1969"; is that correct?

Mr. STEPHENS. That is correct.

The CHAIRMAN. The Chair will say that such amendment would be in order now. If the amendment is at the desk, the Chair would suggest that the amendment be read and then, if by chance at the conclusion of the reading of the amendment the Committee should rise, the Chair assures the gentleman from Georgia that the first order of business will be to recognize him for 5 minutes in support of his amendment.

Mr. STEPHENS. I thank the Chairman.

AMENDMENT OFFERED BY MR. STEPHENS

Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. STEPHENS: On page 1, after line 4, insert the following new section:

"SEC. 2. Section 305(g) of the National Housing Act is amended—

"(1) by striking out '\$1,000,000,000' and inserting in lieu thereof '\$2,500,000,000';

"(2) by inserting 'at par' immediately after 'and to purchase'; and

"(3) by striking out '\$15,000', '\$17,500', and '\$22,500' and inserting in lieu thereof '\$17,500', '\$20,000', and '\$25,000', respectively."

Mr. PATMAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. FLOOD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 13827) to amend and extend laws relating to housing and urban development, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE TO EXTEND

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous relevant material on this bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

REPORT ON THE VIETNAM MORATORIUM

(Mr. EDWARDS of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EDWARDS of California. Mr. Speaker, those of us, who are in the words of our Vice President, "an effete corps of impudent snobs who character-

ize themselves as intellectuals," have, I believe a duty to report to this House and the Nation on the recent Vietnam moratorium.

I can claim no role in organizing this massive demonstration in favor of peace in Vietnam, but I have been a critic of the war in Vietnam for some time. If there are, to use again Mr. AGNEW's words "hard-core dissidents" among the protestors, I must be included in that group at least in the case of the Vietnam war.

However, I welcome the Vice President's remarks for I believe they put that recent demonstration of unity against the war in its proper perspective—a perspective of truth versus a false image. Those of us who took part in that demonstration know the truth, those who watched the demonstrations on television or read about them in the newspapers know the truth. Mr. AGNEW warned of "wilder, more violent" antiwar demonstrations, but I ask Mr. AGNEW what wildness and what violence? There was neither in the demonstrations in which I took part. Violence and wildness were absent across the Nation. Mr. AGNEW, or his speech writers, were looking through a flawed glass darkly and failed to see the truth shine through.

I would hope that the Vice President will not demean further his high office by name calling, or by half truths, or lack of truth in his statements. All of us have the right to question the views of others, to debate the issues, but we do not, I believe, have the right to turn debate into personal attacks, or into hair pulling political screaming matches. Let us speak our views, but respect the right of others to disagree.

In this respect I would like to report what I saw during the Vietnam moratorium, and I hope my vision is a little more clear than that of the Vice President.

I saw thousands of people, young, old, middle aged including the so-called forgotten American, making known through the right of assembly and of free speech his and her views in opposition to the Vietnam war. I saw them use these rights peacefully and effectively. I saw the students, much damned these days, put their hearts and souls into this effort to bring peace to Vietnam and to bring our soldiers home.

It was raining in California on moratorium day, a heavy rain of the kind the chamber of commerce likes to ignore. Even so, 4,000 Stanford University students sat in that downpour and listened to a parade of speakers. Earlier 1,300 students and 1,200 citizens rang 100,000 doorbells and handed out leaflets to residents of Palo Alto, Atherton, Menlo Park, Sunnyvale, Mountain View, and Los Altos. One hundred students rode Southern Pacific commuter trains passing out leaflets and talking to riders. In San Jose thousands of students participated in ceremonies at San Jose State College and Foothill and West Valley Colleges. Hundreds joined in at the University of Santa Clara.

I looked at those faces as they listened, and they were not all students. Businessmen, government workers, blue-collar employees, housewives, and senior citizens were all represented. One could not

classify these men and women, except to say they represented all of America.

My speech was directed to the students and in addressing them I commented:

John F. Kennedy told us the torch had been passed to a new generation. Today I join him in passing that torch to you. In a few short years those of you who are under 30 will make up the majority not the minority, in this nation. Some fear you. I am not one of them. You bring me hope, hope for a world far better than my generation has been able to create.

I repeat those words now, for they express my view not only of the students, but of all of those who joined in the Vietnam moratorium.

We should not fear citizen participation in the great debates of today's world. We should welcome them.

In this respect I welcome the Vice President's words and views, identical I presume with the views, if not the words of the President. They clearly define the lines of the debate and the intentions of the administration. As in the days of old the President will take the high road, the Vice President the low road, but both roads go in the same direction.

I would go in another direction.

And in the end I pray that we will be joined by the President and the Vice President, not because peace in Vietnam is the overriding will of the people, but because it is right.

But for those who are interested in response to the Vietnam moratorium, to the will of the people, I would like to share Monday's mail. We received 235 letters on the moratorium Monday morning. Of those letters, 232 were in favor of the moratorium. To be fair, I also should include one editorial against the moratorium in the San Jose Mercury. I believe, however, the letters indicate the feeling in my congressional district, perhaps weighted to the promoratorium side, but certainly in favor of our ending our involvement in the Vietnam war.

I believe the polls can be read in the same way. The division in this country today is not over peace in Vietnam, but on how to end American involvement in that war. It has to be ended.

Let us look again at the moratorium. It represents the brighter side of our Republic. It represents the people of this Nation asking for a redress of grievances. It represents our strivings for peace, and it announces our unity. There will be an end to the Vietnam war, and it will come in part because of the efforts of those of us who participated in the moratorium. We all pray for that day of peace.

CALIFORNIA COURT BACKS COMMUNIST: "TERRIFIED" THAT SHE IS OPPOSED

(Mr. WAGGONER asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. WAGGONER. Mr. Speaker, the Washington Post this morning carries the news that self-confessed Communist Angela Davis, assistant professor at the University of California, has been upheld by the Los Angeles Superior Court in her suit to retain her position in spite of

the fact that she is a Communist and, as such, dedicated to the overthrow of our Government.

I call this to the attention of the House, not because I am at all surprised that a court has sided with a Communist, but to document for the record the background of this woman.

I am convinced that the time is going to come when the American people are going to rise up in unprecedented wrath and demand to know who slit the throat of this Nation and left it to bleed to death in the gutter. Perhaps it is self-preservation that prompts me to underline here in the RECORD that I was not part of the mob.

We have spent literally trillions in the past two decades fighting communism. Scores of thousands of American servicemen have been sent to their deaths fighting communism. And while all this agony was going on, communism has been condoned here at home by some, Communists have been and still are being paid salaries and subsidies with taxpayers' dollars and we have come to the point where a superior court judge can announce that he is "terrified" at the thought that a Communist can be fired by a university.

Historians are going to take hold of this era and shake it like a dog with a bone, to find out how this lunacy happened; why this Nation was so blind to the threat; so reluctant to take the first small step toward self-preservation.

The legacy which we as free Americans inherited from those who carved this Nation out of rock, trees and dirt is priceless. It cannot be squandered by one generation because this legacy carries with it the obligation to preserve it, add to it and pass it on to succeeding generations.

The story from this morning's Post is attached here with my remarks as well as a full report on Communist Angela Davis, taken from the Dan Smoot Report:

CALIFORNIA UNIVERSITY LOSES CASE ON RED

LOS ANGELES, OCTOBER 20.—The University of California Board of Regents' 29-year-old policy against employing communists was declared unconstitutional in Los Angeles Superior Court today.

Judge Jerry Pacht, in a strongly worded verbal opinion, specifically enjoined the regents from spending any more tax revenues in an effort to oust Angela Davis, an assistant philosophy professor at the University of California at Los Angeles, because she is a member of the Communist party.

Attorneys for the regents said they would have to study Pacht's ruling before deciding whether to appeal. However, it was considered virtually certain they would appeal.

In the two-hour hearing on a UCLA faculty-sponsored taxpayers' suit against the regents' actions in the Davis case, the judge repeatedly tore into the arguments of two regents' attorneys.

At one point, Pacht described as "terrifying" argument by regents' counsel Donald L. Reidhaar that the mere fact that Miss Davis was a Communist party member disqualified her from teaching at UCLA.

If this argument were carried to its logical extension, the judge said, it would mean that the regents would have the power to decide that membership in other organizations could—without reference to any unlawful acts committed—disqualify a person from employment.

In his verbal opinion, Pacht said he be-

lieved that if the courts failed to enjoin the regents in the Davis case it would be tantamount to determining that they had a right to make political tests in employing faculty members.

He cited the regents' own resolution of June 30 that "no political test shall ever be considered in the appointment and promotion of any faculty member or employee."

Pacht said the arguments of the regents and their attorneys that the Communist party was a special case that did not fall under this rule were not convincing.

IS COMMUNISM DANGEROUS?

In the spring of 1969, a 25-year-old Negro named Angela Davis received a two-year appointment as assistant professor of philosophy at the University of California in Los Angeles. She obtained the job (which pays \$9684 a year—taxpayers' money) with the help of Professor Donald Kalish, chairman of the Philosophy department at UCLA. Concerning his own philosophy, Kalish has said:

"I am far to the left of the Communist Party."¹

As a student, Angela Davis studied under marxist professor Herbert Marcuse. She says Marcuse strongly influenced her political thinking.² Marcuse, like Kalish, also considers himself left of the Communist Party. Marcuse says:

"The Marxian idea of socialism is not radical enough. . . . We must develop the moral-sexual rebellion of the youth."³

Marcuse has been indoctrinating students (and others) with communist dogma for more than a quarter of a century. Even before he became a naturalized citizen of the United States (1940), Marcuse was a research associate at Columbia University. During and immediately following World War II, he held important posts in the U.S. Office of War Information, in the Office of Strategic Services, and in the State Department's Office of Intelligence Research. Later, he was a professor of politics and philosophy in the Russian Research Center at Harvard. Since 1965, he has been a professor of philosophy at the University of California in San Diego. By 1968, he had become famous, on campuses from San Diego to Paris, as the philosopher of the new left and mentor of rioting anarchists. He was in Paris attending a UNESCO symposium on Karl Marx when communists instigated bloody riots at the Sorbonne.⁴

While studying under Herbert Marcuse at UCSD, Angela Davis was a revolutionary activist. She was a member of the Black Panther Party, and she participated in a demonstration of campus thugs who seized the university administration building.¹

In July, 1969, it came to light that Angela Davis is a communist. She readily admitted that she is a member of the Che-Lumumba Club (an all-Negro cell of the Communist Party of southern California), and that she espouses Marxism. But she denied that she intended to "force her beliefs" on her students.⁴

On September 19, 1969, the Board of Regents of the University of California decided that the hiring of Angela Davis at UCLA violated the Regents' 20-year-old policy against employing communists as faculty members at any of the nine campuses in the University of California system. The Regents wrote her a letter saying she would "possibly be dismissed" because of her communist membership.⁴

Miss Davis announced that she had been fired. She accused the Regents of racism, saying they acted against her because she is a Negro, not because she is a communist. She retained a leftist lawyer (John T. McTernan¹), and said she would appeal her case to the UCLA Academic Senate, and to the courts if necessary.⁴

Predictably, the Angela Davis case became

¹Footnotes at end of article.

a *cause celebre* for new-leftists and pampered adolescents (faculty members and students) of the academic world.

At San Francisco, the Academic Council (which is called the "faculty leadership" of the University of California) held an emergency meeting to resolve that it would no longer support the Regents' 20-year-old policy of prohibiting the hiring of Communist Party members. The Academic Council declared that "membership in the Communist Party cannot legitimately be made the basis for disqualification."⁴

The Board of Regents held another meeting on October 3, 1969, and resolved that Miss Davis "shall not be authorized to give instructions in any course under the jurisdiction of the school, department, or other academic agency approved by the Regents."⁴

Charles E. Young, UCLA Chancellor, denounced this Regents' action against Angela Davis as "a violation of the spirit if not the letter of justice and due process."⁴ He did not cite any statute, constitutional provision, or legal precedent whose "spirit" requires American taxpayers to pay the enemies of our society for teaching youth how to destroy our society.

Chancellor Young said he considers Miss Davis "in every respect a full member of the faculty," despite the Regents' action. Young said he interprets the Regents' statement as meaning that Miss Davis can continue to teach at UCLA, and draw her salary, while appealing her case, though students will get no credit for taking her course.⁴

On October 6, classes opened for the fall session at UCLA. Unknown persons firebombed an information booth at a campus entrance, causing property damage estimated at \$2250. A group of 20 Negro professors circulated pamphlets supporting Angela Davis, threatening to withhold credits from their own students as long as Miss Davis's students receive no credits.

John Parker, editor of *The Daily Bruin*, UCLA newspaper, said:

"She'd better teach or something's going to happen."⁴

She taught. Her first lecture was attended by an overflow crowd of 1900 students (with 100 turned away for lack of room), although only 169 students were registered for her course.

Described by reporters as "young, shapely, and miniskirted, her hair in African natural style," Miss Davis was, of course, lionized; and she obviously enjoyed it. Before ascending the podium, she made a brief statement for the benefit of the press and of her adoring audience, saying:

"I'd like to lecture. . . . I don't think we ought to allow the Regents to interfere."⁴

There was no indication that the Regents intended to interfere with the fired communist teacher who was flaunting their authority.

Angela Davis's course at UCLA is called "Recurring Philosophical Themes in Black Literature." Her opening lecture on October 6 dealt largely with Karl Marx (white), Herbert Marcuse (white), and Nat Turner (Negro).⁴

Nat Turner has become a towering hero-figure of Negro militants and their white toadies. He was a slave who tried to create an uprising of slaves in 1831, and was hanged after leading a mob of Negroes in a killing spree which is vividly described in a book called *Great Negroes Past and Present*.⁵ With "righteous determination," and using "muskets, axes, and scythes," the book says, Nat Turner and his men "for forty-eight hours . . . roamed the plantations, leaving dead a total of fifty-five whites."

Angela Davis's contention that she was fired because she is a Negro is ludicrous. There are scores of Negro faculty members on the nine campuses under the Regents' supervision. None, besides Angela, has been fired.

It is obvious that Angela Davis was a Negro when she was hired at UCLA, and it is probable that she was hired because she is a Negro. In this regard, it is interesting to note that only eight of the 16 faculty members of UCLA philosophy department voted to hire Miss Davis, even though Donald Kalish, the head of the department, supported her strongly. Five members of the department voted against hiring her; three abstained from voting.¹

There is intriguing irony in Angela Davis's contention that she was not fired because she is a communist. Robert Singleton (director of the UCLA Afro-American Studies Center) supported her contention, saying:

"It can be documented that there are white communists teaching at the university. Racism is the overriding issue in this case."⁴

Yet, Singleton refused to identify any of the white communist faculty members of the University of California, saying "We . . . know what would happen to them" if they were identified. While asserting that white communists are not fired because they are white, Singleton refused to name them for fear they would be fired if identified!

In another statement, Singleton said, "The regents' action has not only jeopardized Angela, but all faculty." University Chancellor Charles Young echoed the same sentiment, saying that feeling was high on the campus, because students and faculty members feared that the ouster of Miss Davis might be a prelude to the firing of other faculty members.⁴

Obviously, Singleton, Young, and other faculty members and students think Angela Davis was fired because she is a communist; and they fear that many others may be fired for the same reason.

The fact that one arrogant, miniskirted, hipswinging militant (communist or otherwise) could create such turmoil on an American campus, and get such broad support from faculty and student body, is a significant commentary on the condition of "higher education" in the United States.

Of even more significance is the question: How much damage can communist teachers do?

In *School of Darkness*, the late Dr. Bella Dodd (formerly a leading communist official, lawyer, and teacher at Hunter College in New York City) said:

"I . . . began to tear apart before my students many respected public groups . . . that were trying to better conditions. . . . This . . . had a destructive effect on . . . sensitive students. . . . I know I did much damage."

In *Witness*, Whittaker Chambers said:

"Every year the Communist National Students League was graduating its hundreds from the colleges. These were the first quotas of the great drift from Columbia, Harvard and elsewhere. These were the years that floated Alger Hiss into the party and made possible the . . . infiltrations of the Government, science, education, and all branches of communications, but especially radio, motion pictures, book, magazine and newspaper publishing. . . . A surprising number came of excellent American families. . . . From 1930 onward, a small intellectual army passed over to the Communist Party. . . . [carrying] the weak and stumbling American Communist Party directly into the highest councils of the nation."

The Angela Davis case brings into focus matters of grave importance.

Since 1946, our government has spent \$182.6 billion on foreign aid.⁶ This pillaging of taxpayers was necessary to combat communism, we were told.

Our government has spent about \$75 billion maintaining U.S. troops in Europe since NATO was created in 1949—to defend the West against communism, we were told.

Grass had hardly covered the graves of

our World War II dead, when thousands of American lives and billions of American dollars were squandered in Korea—ostensibly to stop the spread of communism.

In 1955, the U.S. Senate unanimously ratified the SEATO treaty (which later involved us in the Vietnam disaster), for the sole, alleged purpose of resisting communism.

If communism is a danger to the United States, why are such people as Angela Davis, Herbert Marcuse, Donald Kalish, Robert Singleton, Chancellor Charles Young (et al, ad infinitum) tolerated on the payrolls of tax-supported institutions? How long would such people have stayed on university faculties in the 1939-1945 period if they had extolled the glories of nazism?

If communism is not a danger, why has our government plundered us of trillions of dollars in the past 23 years to fight or resist communism?

If communism is a danger, why has every President since 1933 made a major policy of building bridges of friendship to communist countries?

Obviously, we have been betrayed and swindled by the liberal leadership which has dominated American life since 1933. Much of that leadership was produced in colleges infiltrated by communists.

With communists in our colleges, we are paying for the subversion of our youth and the ultimate destruction of our society. If we cannot remove the communists, we would be better off to close the colleges.

FOOTNOTES

¹ *Bulletin*, Oct. 1, 1969, Fire and Police Research Association of Los Angeles.

² "The Total Break With America," Alice Widner, U.S.A., Sept. 12, 1969.

³ *Biographical Dictionary of the Left*, Francis X. Gannon, Western Islands Publishers, 1969.

⁴ *Chicago Tribune*, Oct. 1, 1969, sect. 2, p. 14, and Oct. 5, 1969, sect. 1, p. 26; *Dallas Times Herald*, Sept. 25, 1969, p. A 7, Oct 5, 1969, p. A 30, and Oct. 7, 1969, p. A 3; *Dallas Morning News*, Oct. 7, 1969, p. A 2.

⁵ Published by AFRO-AM Publishing Company, Chicago, 1963.

⁶ Open letter by U.S. Representative Otto E. Passman, Chairman of the Foreign Operations Subcommittee, July 1, 1969.

REVENUE SHARING—A PLUS

(Mr. NELSEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NELSEN. Mr. Speaker, if the American people are interested in seeing that the money they pay in Federal taxes is spent in the most productive manner—as I believe they are—then they should support the President's proposed revenue-sharing plan.

Untold millions of dollars have gone down the drain in the past decade as Federal funds have been poured into the stream of spending through a maze of bureaucratic agencies in an effort to solve the social, economic, and environmental problems affecting this Nation. We know that increased appropriations will not cure such problems when the machinery for effecting their solution is inadequate, inefficient, and ineffectual. What is necessary is the proper expenditure of funds in the best conceivable manner by local people committed to solving their problems efficiently and economically.

By returning to States and local com-

munities a portion of the Federal revenues each fiscal year, people within our States and communities will be given the financial means to plan and carry out effective courses of actions designed to meet individual community requirements. As State and local prestige and power are being built up through this method of working toward the resolution of our problems, the power and size of the Federal Government will diminish. This is a long-sought objective common to all political parties and to Americans everywhere.

INDIVIDUALLY TAILORED MANPOWER SERVICES

(Mr. HANSEN of Idaho asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HANSEN of Idaho. Mr. Speaker, I welcome the opportunity to support the administration's new Manpower Training Act. I am convinced that it is the first piece of social legislation in many years which comes to grips with a total problem. The problem is the chronic and persistent one of providing decent jobs for everyone who wants to work at the same time that the job market is becoming increasingly selective in terms of the education, skills, and experience a worker must possess to obtain and hold a decent job.

The most impressive feature of the Manpower Training Act from my point of view is that it would be possible to provide each person with whatever kind of help he needs to become employable. For the first time we can give him not only a complete range of skill training but basic education, remedial medical care, work orientation, on the job support—any service which will help an individual to get a steady job. In short, the full range of our knowledge in the field of education and training can now be utilized to develop an individual's potential. This is an exciting prospect and one which could enrich the lives of every American. An individual's leap from unemployment to meaningful productive employment not only means a gain in his self-respect and independence, but an additional skilled pair of hands and another alert mind to provide the essential goods and services we need.

ADMINISTRATION'S MARINE SCIENCE ACTION

(Mr. MOSHER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOSHER. Mr. Speaker, for the past decade and especially in recent years, many of us have viewed with pride our Nation's explorations in space. I am particularly pleased to see that the Nixon administration has directed its attention to another important area, the oceans.

In its announcement last Sunday, the administration has selected five areas for special emphasis in the next fiscal year.

Thus, the Vice President, as Chairman of the National Council on Marine Resources and Engineering Development, has once again asserted the national and international significance our Nation attaches to the oceans.

I am particularly pleased to see that one area of emphasis is the International Decade of Ocean Exploration. I consider the decade to be an imaginative initiative by our Government in the international arena, an initiative which holds out high hope of bringing many nations together in a joint effort to unlock and share the secrets of the deep. I am glad to see we are maintaining our international leadership in the decade by coming forward with U.S. proposals. I hope that the Congress will support this program by acting on the concurrent resolutions on the decade now before both Houses.

GILBERT REVISED COMPREHENSIVE SOCIAL SECURITY AND MEDICAL CARE (OASDHI) BILL

(Mr. GILBERT asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. GILBERT. Mr. Speaker, the need to substantially raise the general level of social security payments becomes very clear to anyone who looks at the level of payments and considers the fact that most social security beneficiaries have very little in the way of continuing income other than what they get under social security. For almost all beneficiaries, social security payments are the main source of continuing income. For about half the beneficiaries the social security payment is virtually the only source.

Furthermore, by Government definition, 20 percent of America's poor people are aged 65 and over.

BENEFIT INCREASES

The bill I am proposing today would help alleviate the income plight of the elderly by providing two 20-percent across-the-board increases in social security benefits. The first increase of 20 percent would be effective January 1970. The minimum benefit would be increased from \$55 to \$90. The second 20-percent across-the-board increase with a \$120 minimum benefit would be effective January 1972.

Monthly benefits for retired workers now on the social security rolls who began to draw benefits at age 65 or later range from \$55, based on average monthly earnings of \$74 or less, to \$179.70, based on average monthly earnings of \$510. When both steps of the benefit increases provided by my bill are effective, the minimum benefit would be \$120, and the benefit amount based on average monthly earnings of \$510 would be increased to \$258.90. The benefit amount payable to workers with average monthly earnings of \$650, the highest possible under present law, would be increased from \$218 to \$314. For a survivor family consisting of a widow and two or

more children getting benefits on the basis of \$650 of average monthly earnings, total monthly benefits of \$511.60 would be payable where \$434.40 is now payable.

A retired worker now getting the average benefit of \$100 a month would get \$144 a month, and the average benefit for an elderly couple would be increased from \$168 a month to about \$242 a month. Thus the increases in benefits provided by my amendment would represent really significant steps forward in our efforts to alleviate the problem of poverty among our elderly retirees.

The two-step benefit increase would also apply to the special age-72 payments, from the present \$40 a month to \$48 in January 1970, to \$57.60 in January 1972.

In addition to increasing regular monthly benefits and the special age-72 payments, we also need to increase the lump-sum death payment. This bill would nearly double the maximum lump-sum death by increasing it to \$500, effective in January 1970. This increase is long overdue. The \$255 ceiling on the maximum lump-sum death payment has been in effect since 1952.

Benefits under present law will eventually be based on average monthly earnings in covered work over the person's entire working lifetime, omitting only 5 years of low earnings. Since a person's earnings generally rise over his lifetime, earnings averaged over many years will be only remotely related to the level of earnings just before retirement.

This bill reduces, in two steps, the number of years used in computing benefits. First, beginning in December 1970, the number of years counted under present law would be reduced by one-third, but not to less than 10 years. Second, effective in December 1972, the bill would provide for basing benefits on an individual's highest 10 years of earnings out of any 15 consecutive years after 1950. Coupled with this provision is a regularity-of-service factor, which takes into account the length of time the person worked under the program. This insures that a person who worked in covered jobs over his full working lifetime would get a higher benefit than a short-term worker. These changes would realistically relate benefits to the standard of living which the worker achieved just prior to his retirement.

Widows' benefits would also be increased under my bill. Under present law, the amount of a widow's benefit, payable at age 62 or later, is 82½ percent of the benefit that her husband would have gotten if he started getting benefits at age 65 or later. The bill provides widows' and dependent widowers' benefits equal to 100 percent of the worker's benefit where the survivor's benefits begin at age 65, with reduction down to 82½ percent at age 62, effective January 1970.

A special problem of low benefits for early retirees is developing, due to a high percentage of early retirements, and this bill would provide meaningful retirement income for these people. This im-

provement, to become effective January 1970, would provide that the benefit for workers who come on the rolls at age 62 would be 14 percent less than what they would have gotten at age 65 rather than 20 percent less. The benefit for a wife who comes on the rolls at age 62 would be 17½ percent, rather than 25 percent, less than what she would have gotten at age 65.

RETIREMENT TEST

Increases in wages and prices have occurred since the last change was made in the retirement test. I believe the amount of earnings a person can have in a year and still get full social security benefits should be updated. This bill would increase this amount from the presently allowed \$1,680 to \$1,800, effective January 1970. The bill provides a corresponding increase, from \$140 to \$150, in the monthly exempt amount—the amount a person can earn in a month and still get benefits regardless of his earnings for the year.

I am also proposing that the test be changed to assure that a person will not suffer a reduction in disposable income as a result of his working. There would be no change in the \$1-for-\$2 withholding for the first \$1,200 of earnings above the annual exempt amount, but above that only \$3 in benefits would be withheld for each \$4 of earnings. There would be no point at which \$1 in benefits would be withheld for each \$1 of earnings.

The bill would provide for automatic adjustment of annual exempt amount of earnings under the retirement test to increases in earning levels, effective beginning in January 1973. This provision would insure that beneficiaries dependent on earnings from work would be able to maintain their economic level to a significant degree.

DISABILITY PROVISION

Mr. Speaker, social security disability benefits are now payable only if the disability is expected to last at least 12 months and only after the worker has been totally disabled throughout 7 consecutive calendar months. Throughout this period, of course, the regular expenses of the family and the extraordinary medical and related expenses must be met, even though the worker's earnings have stopped. I believe that it is unreasonable to delay much-needed benefits until after 7 full months of disability. This bill would make disability benefits payable after the fourth month of disability by substituting a 3-month waiting period for the present 6-month period, effective July 1970. It would also eliminate the requirement that the disability must be expected to last for 12 months or end in death.

Another improvement the bill would make in the disability provisions is also urgently needed. To be considered disabled under present social security law, a worker must be unable to engage in any type of substantial gainful work. Many older handicapped workers do not qualify for disability benefits even though they are unable to do any of the types of

work they performed before their handicap.

Effective in July 1970, the bill would fill the gap in the disability protection for older workers, by providing monthly disability benefits to handicapped workers age 55 and over, who can no longer do their regular work or any other work they have done in recent years. The 3-month, rather than 6-month, waiting period would also apply to these older handicapped workers.

The 1967 social security amendments provided benefits for the first time to totally disabled widows and widowers. But the benefits are not payable until the disabled widow or widower has reached age 50, and they are substantially reduced depending on the age at which the benefits begin.

The need of totally disabled widows below age 50 for benefit protection is at least as great as that of the disabled widow between age 50 and 62. This bill would eliminate the age 50 limitation effective January 1970.

Additionally, under present law, a disabled widow whose benefits start at age 50 gets only 50 percent of her deceased husband's benefit. The widow who has suffered the dual tragedy of the death of her lifelong partner and helpmate and of a severe impairment that destroys her working ability has a need for an adequate benefit.

Under this bill the benefit for a disabled widow or disabled dependent widower would be payable at the rate of 82½ percent of the deceased spouse's benefit amount.

COST-OF-LIVING INCREASE

In addition to the improvements designed to bring the social security program up to date, we should write into the law a provision for keeping benefits automatically up to date with increases in the cost of living. This bill provides for automatic adjustment of benefit amounts annually to cost-of-living increases of at least 3 percent, beginning in January 1973. This would include both regular social security benefits and the special age 72 payments.

A provision in the law for automatically keeping the regular social security benefits and special age-72 payments in line with the cost of living would contribute greatly to the sense of security of the beneficiaries and the workers who are earning protection for themselves and their families.

INCREASE AND ADJUSTMENT OF WAGE BASE

Another automatic adjustment provision needed in the social security program involves the amount of annual earnings that is counted toward benefits and is subject to contributions. This bill would increase the contribution and benefit base from \$7,800 to \$15,000 in two steps: to \$9,000 in 1970; and, to \$15,000 in 1972. Beginning in January 1974, the base would be automatically adjusted to increases in wage levels.

MEDICARE

I turn now, Mr. Speaker, to improvements in the medicare program. It is

clear that medicare has brought about a very great improvement in the welfare of older Americans. But soaring medical care costs continue to burden Americans of every age and they especially hit hard those who are retired and dependent upon income from social security. It is time now to expand the program to enhance its protection and promise.

The basic concept of social security is that a worker makes contributions during his working years to pay for benefits during his retired years. This bill gives high priority to the idea of financing the medical insurance part of medicare through contributions paid during the beneficiary's working years, just as hospital insurance and cash benefits are financed.

Under the plan provided in this bill, to become effective in July 1970, both the hospital insurance and the medical insurance parts of the program are financed with contributions paid by employees, employers, and the self-employed and with a matching contribution by the Federal Government from general revenues. By combining the two parts of the medicare program, the existing enrollment and coverage provision for the supplementary medical insurance program would be eliminated. Everyone, then, who qualified for hospital insurance would also qualify for supplementary medical insurance. However, the benefit provisions and the different methods of reimbursement under the two parts of the medicare program would remain unchanged.

Another improvement in medicare incorporated in this bill is the extension of health insurance protection to the disabled. The disabled person, like the retired person, incurs high health costs concurrent with decreased income. Hospital and medical costs per person for the disabled are two to three times higher than for the aged. In addition, the proportion of severely disabled people with any form of health insurance is lower than the proportion of the aged who had health insurance protection before medicare was enacted.

Therefore, this bill includes a provision that hospital insurance and supplementary medical insurance protection be extended, effective January 1972, to social security disability beneficiaries. This protection would be financed in the same manner proposed for health insurance for the aged: Payroll contributions by employees, employers, and the self-employed, along with a Federal matching contribution from general revenues.

The bill would also provide coverage of prescription drugs under medicare. Drug costs account for about 30 percent of private expenditures for health care by the aged person's health care dollar. Yet very few health insurance plans offer protection against the cost of drugs.

A provision contained herein extends medicare coverage, beginning January 1972, to legend drugs—drugs which are available only by a physician's prescription—plus some non-legend drugs, such as insulin, which are of a life sustaining nature or whose use is essential to main-

tenance of the beneficiary's health, and Secretary of Health, Education, and Welfare, with the advice of an expert committee established by this bill, would prescribe and annually review a list of legend drugs and certain non-legend drugs for which reimbursement could be made under the program. A \$1 deductible for a prescription and refill would be required and payment would be based on the "reasonable drug charge," consisting of an acquisition allowance plus a dispensing allowance.

Mr. Speaker, I am concerned about unnecessary costs of drugs purchased by brand name, when much cheaper generic drugs of equal quality are available. At this time, the prescription drug provisions of my bill do not provide for reimbursement based on actual cost to the ultimate dispensers of the least expensive, available drug product of proper quality. However, it is my intention to have this complex subject explored thoroughly when the bill is considered by the House Ways and Means Committee. And I may devise an approach that will utilize savings from the use of low-cost generic equivalents.

FINANCING

The cost of the improvements this bill would make in the social security program would be met out of the \$15,000 contribution and benefit base and automatic adjustment of the base; the current favorable actuarial surplus of 1.16 percent of taxable payroll; rounding out the contribution rate from 5.9 percent each to 6 percent each; and a gradually increasing Government contribution eventually equal to approximately one-third the total cost of the cash benefits program.

On the basis of 1969 wage assumptions now being used by the Social Security Administration in making cost estimates, this bill would not be in actuarial balance. If 1970 wage levels were used in making the actuarial assumptions, this bill would be in actuarial balance. For this reason, I am contemplating using a 1970 wage level assumption.

Certainly wage levels in 1970 will be higher than in 1969. Moreover, the last 20-percent benefit increase contained in my bill would not become effective until 1972. There is no doubt that wages will continue to rise as they have throughout the history of our country and by the time this benefit increase goes into effect, the program would be financed on an actuarially sound basis.

Mr. Speaker, social security has long been accepted as an important part of

American life. About 92 million people will have earnings from work covered by social security this year and are building protection for themselves and their families. Currently, 25 million Americans are receiving benefits totaling over \$2 billion each month.

Try to imagine America without social security. Mr. Speaker, only about 5 percent of our retirees would have continuing incomes above the amount needed to maintain what the Department of Labor has defined as a "moderate" living standard—\$4,200 a year for an aged couple with social security. Ten million people are kept above the poverty line by their social security benefits. Another 3 million would exist only a notch above the poverty level were it not for social security.

We have not used the social security program to its full potential. It can do much more toward providing economic security and preventing poverty. The bill I am introducing today would go a long way toward maximizing the potential benefits of social security for the benefit of more people and for the benefit of the Nation as a whole. I look forward to its early consideration and adoption.

I include the following tables at this point:

MONTHLY CASH SOCIAL SECURITY BENEFITS UNDER PRESENT LAW AND UNDER THE GILBERT BILL FOR A RETIRED COUPLE (MAN AND WIFE) AT AGE 65

Average monthly earnings ¹	Benefit amounts		
	Gilbert bill		
	Present law	Effective January 1970	Effective January 1972
Minimum benefit.....	\$82.50	\$135.00	\$180.00
\$150.....	132.60	159.20	191.10
\$250.....	172.50	207.00	248.40
\$350.....	210.60	252.80	303.30
\$450.....	247.50	297.00	356.40
\$550.....	284.90	341.90	410.30
\$650.....	323.00	392.40	471.00
\$750.....		438.00	525.60
\$850.....			583.50
\$950.....			639.00
\$1,000.....			666.00
\$1,150.....			750.00
\$1,250.....			805.50

¹ Although the highest average monthly earnings possible under the present \$7,800 base is \$650, retirement benefits based on this amount will generally not be payable for many years to come. For example, the highest average monthly earnings possible under the law for a man reaching age 65 and retiring in 1970 will be \$446.

The bill provides for a 2-step increase in the base to \$9,000 in 1970 and \$15,000 in 1972, and also liberalizes the method of figuring average monthly earnings. These 2 changes will make higher average monthly earnings—and thus higher benefits—possible much sooner than under present law. For example, under the bill a man reaching age 65 and retiring in 1974 could have average monthly earnings of as much as \$720, whereas under present law they could be no higher than \$491. Benefits based on average monthly earnings higher than \$720 will become payable gradually over the years after 1974.

MONTHLY CASH SOCIAL SECURITY BENEFITS UNDER PRESENT LAW AND UNDER THE GILBERT BILL FOR A WIDOW AT AGE 62

Average monthly earnings ¹	Benefit amounts		
	Gilbert bill		
	Present law	Effective January 1970	Effective January 1972
Minimum benefit.....	\$55.00	\$90.00	\$120.00
\$150.....	73.00	90.00	120.00
\$250.....	94.90	113.90	136.70
\$350.....	115.90	139.10	166.90
\$450.....	136.20	163.40	196.10
\$550.....	156.70	188.10	225.70
\$650.....	179.90	215.90	259.10
\$750.....		240.90	289.10
\$850.....			321.00
\$950.....			351.50
\$1,000.....			366.30
\$1,150.....			412.50
\$1,250.....			443.10

¹ Although the highest average monthly earnings possible under the present \$7,800 base is \$650, aged widow's benefits based on this amount will generally not be payable for many years to come. For example, the highest average monthly earnings possible under the law for a man age 45 or older who dies in 1970 will be \$446.

The bill provides for a 2-step increase in the base to \$9,000 in 1970 and \$15,000 in 1972, and also liberalizes the method of figuring average monthly earnings. These 2 changes will make higher average monthly earnings—and thus higher benefits—possible much sooner than under present law. For example, under the bill a man age 45 or older who dies in 1974 could have average monthly earnings of as much as \$720, whereas under present law they could be no higher than \$431. Benefits based on average monthly earnings higher than \$720 will become payable gradually over the years after 1974.

MONTHLY CASH SOCIAL SECURITY BENEFITS UNDER PRESENT LAW AND UNDER THE GILBERT BILL FOR A RETIRED WORKER OR WIDOW AT AGE 65

Average monthly earnings ¹	Benefit amounts		
	Gilbert bill		
	Present law	Effective January 1970	Effective January 1972
Minimum benefit.....	\$55.00	\$90.00	\$120.00
\$150.....	88.40	106.10	127.40
\$250.....	115.00	138.00	165.60
\$350.....	140.40	168.50	202.20
\$450.....	165.00	198.00	237.60
\$550.....	189.90	227.90	273.50
\$650.....	218.00	261.60	314.00
\$750.....		292.00	350.40
\$850.....			389.00
\$950.....			426.00
\$1,000.....			444.00
\$1,150.....			500.00
\$1,250.....			537.00

¹ Although the highest average monthly earnings possible under the present \$7,800 base is \$650, retirement benefits based on this amount will generally not be payable for many years to come. For example, the highest average monthly earnings possible under the law for a man reaching age 65 and retiring in 1970 will be \$446.

The bill provides for a 2-step increase in the base to \$9,000 in 1970 and \$15,000 in 1972, and also liberalizes the method of figuring average monthly earnings. These 2 changes will make higher average monthly earnings—and thus higher benefits—possible much sooner than under present law. For example, under the bill a man reaching age 65 and retiring in 1974 could have average monthly earnings of as much as \$720, whereas under present law they could be no higher than \$491. Benefits based on average monthly earnings higher than \$720 will become payable gradually over the years after 1974.

ANALYSIS OF SOCIAL SECURITY (OASDHI) BILL INTRODUCED BY REPRESENTATIVE JACOB H. GILBERT

Item	Existing law	Bill
1. Benefit amounts:		
(a) Basic amounts.....	Benefits for a worker beginning at age 65, or when disabled before age 65, range from \$55 to \$218. Benefits for dependents and survivors are based on these amounts.	Benefit amounts for the worker would be increased in 2 steps: Beginning and range: January 1970: \$90 to \$293. January 1972, \$120 to \$537. Benefits for dependents and survivors would be increased proportionately.
(b) Automatic adjustment.....	No provision.....	Benefits amount would be automatically adjusted annually for at least a 3-percent increase in the cost of living.
(c) Actuarial reduction.....	Benefits for workers, and their wives or husbands, who start getting benefits before age 65 are payable at reduced rates. The benefits are reduced to an amount that will on the average give the same total lifetime benefits that would have been paid if the benefits had not begun until age 65. A worker's benefit at age 62 is 80 percent of the benefit he would have gotten at age 65; a wife's or dependent husband's benefit is 75 percent of the amount payable at age 65.	Smaller reductions would be made. A worker's benefit at age 62 would be 85 percent of the unreduced amount; a wife's or husband's, 82½ percent.

ANALYSIS OF SOCIAL SECURITY (OASDI) BILL INTRODUCED BY REPRESENTATIVE JACOB H. GILBERT—Continued

Item	Existing law	Bill
2. Benefit computations.....	All social security benefit amounts are based on the insured worker's average monthly earnings. Nearly all benefits are now based on average monthly earnings after 1950—figured over 5 less than the number of years after 1950 and up to the year the worker reaches age 65 (62 for women), becomes disabled, or dies.	The number of years used in figuring the worker's average monthly earnings would be reduced by 1/4 beginning in December 1970, and to his best 10 years out of any 15 consecutive years beginning in December 1972. The average monthly earnings figured over the shortened periods would be adjusted to take account of the length of time the person worked under social security. The ending point of the period that is used to determine insured status for a man and the number of years over which a man's average monthly earnings are calculated, will be the beginning of the year in which he reaches age 62 instead of age 65. The ending point for men will be the same as it is for women under present law.
3. Earnings test.....	No benefits are withheld on annual earnings of \$1,680 or less. For earnings up to \$1,200 above \$1,680 (i.e. \$2,880), \$1 is withheld for each \$2 of earnings, and for additional earnings \$1 is withheld for each \$1 of earnings, except that no benefits are withheld any month in which a person does not earn more than \$140 in wages nor render substantial services in self-employment. No provision for automatic increases.....	No benefits will be withheld on earnings of \$1,800 or less. For earnings up to \$1,200 above \$1,800 (i.e. \$3,000), \$1 would be withheld for each \$2 of earnings, and for additional earnings \$3 would be withheld for each \$4 of earnings, except that no benefits would be withheld for any month in which a person does not earn more than \$150 in wages nor render substantial services in self-employment. Beginning in 1973, the \$1,800 and \$150 amounts specified above would be automatically increased as average earnings levels rise.
4. Parent's benefits.....	Benefits for aged dependent parents of deceased workers only are equal to 82 1/2 percent of the worker's primary insurance amount (or 75 percent of that amount if more than one parent is entitled to benefits).	Benefits would be provided for aged dependent parents of retired and disabled workers. The benefit amounts for the parent of a living worker would be equal to 50 percent of the worker's primary insurance amount; actuarially reduced if taken at age 62-65. The benefit amount for parents of deceased workers would continue to be 82 1/2 percent.
5. Noncontributory wage credits for military service.....	Noncontributory wage credits of \$100 are provided for each month of military service after 1967.	Would extend noncontributory wage credits of \$100 a month retroactively to 1957.
6. Disability provisions:		
(a) Definition of disability.....	Benefits cannot be paid until after a 6-month waiting period, and are payable only if the disability is expected to last for at least 12 months or to result in death.	The waiting period would be reduced from 6 to 3 months, and the requirement that the disability must be expected to last 12 months or to result in death would be eliminated.
(b) Alternative definition for older workers.....	Workers must be unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment.	Workers aged 55-64 could qualify if unable to engage in substantial gainful activity (by reason of a medically determinable physical or mental impairment), in their regular work or in any other work in which they have engaged with some regularity in the recent past.
(c) Childhood disability benefits.....	Benefits are payable (if the insured parent dies, becomes disabled, or retires) to an adult son or daughter who becomes totally disabled before he reaches age 18.	Benefits would be payable if such adult son or daughter becomes totally disabled before he reaches age 22.
7. Medicare:		
(a) Financing both hospital insurance and supplementary medical insurance on the basis of payroll contributions and general revenues.....	Hospital insurance is financed by contributions from employers, employees, and the self-employed. Supplementary medical insurance is financed by monthly premiums paid by enrollees and matched by the Federal Government. Moneys are deposited in, and benefits and administrative expenses are paid from, 2 separate trust funds. Eligibility for hospital insurance is based on eligibility for cash benefits (except for a special transitional provision) while medical insurance is available to virtually all those over 65.	Would eliminate supplementary medical insurance premiums and provide for financing both hospital and medical insurance programs through contributions of employers, employees, and the self-employed, and a matching contribution by the Federal Government. All moneys would go into a combined trust fund, which would pay the benefits and administrative expenses of both programs. Eligibility requirements for both hospital and medical insurance would be identical to that required under existing law for hospital insurance.
(b) Medicare for the disabled.....	Medicare is available only to people age 65 and over (without regard to disability).	Would extend medicare, under the combined financing approach described above, to people under age 65 entitled to monthly cash disability benefits. Benefits would begin with the 1st month for which the individual is eligible for cash benefits and end 12 months after cash benefits cease.
Coverage of drugs.....	Generally, drugs are covered only if they are provided in a hospital or an extended care facility. Drugs are covered on an outpatient basis only if the drug is one which cannot be self-administered.....	Would extend coverage of out-of-hospital prescription drugs under hospital insurance program. Drugs covered would be selected by the Secretary with the advice of an expert committee provided for by the bill. Reimbursement would be made to providers of drugs (pharmacies, etc.) on the basis of acquisition and dispensing allowances. The beneficiary would be required to make a \$1 copayment per prescription or per refill.
8. Contribution and benefit base.....	The amount of annual earnings on which social security contributions are payable and that can be counted toward benefits is \$7,800. No provision for automatic increases.	The amount of annual earnings to be counted for contribution and benefit purposes would be increased as follows: To \$9,000 for 1970 and 1971; To \$15,000 for 1972; and for years after 1972, the annual earnings amount would be automatically increased (in even-numbered years) as average earnings levels rise.
9. Contribution rate schedule.....	Employer-employee, each (percent)	Employer-employee, each (percent)
	Year OASDI HI Total	Year OASDI HI Total
	1970..... 4.20 0.60 4.80	1970..... 4.20 0.60 4.80
	1971-72..... 4.60 .60 5.20	1971-72..... 4.80 .65 5.45
	1973-75..... 5.00 .65 5.65	1973 and after..... 5.10 .90 6.00
	1976-79..... 5.00 .70 5.70	
	1980-86..... 5.00 .80 5.80	
	1987 and after..... 5.00 .90 5.90	
	Self-employed (percent)	Self-employed (percent)
	Year OASDI HI Total	Year OASDI HI Total
	1970..... 6.30 0.60 6.90	1970..... 6.30 0.60 6.90
	1971-72..... 6.90 .60 7.50	1971-72..... 6.90 .65 7.55
	1973-75..... 7.00 .65 7.65	1973 and after..... 7.10 .90 8.00
	1976-79..... 7.00 .70 7.70	
	1980-86..... 7.00 .80 7.80	
	1987 and after..... 7.00 .90 7.90	
10. Federal contributions.....	No provision.....	General revenue contributions gradually increasing over a 10-year period to an amount equal to approximately 1/4 the total cost of the program.

MORATORIUM POST MORTEM

(Mr. WYMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYMAN. Mr. Speaker, one of the puzzling aspects of last week's so-called moratorium on Vietnam is exactly what those who demonstrated were trying to prove? If it was that they do not like the

war—none of us do. If it was that they want it ended—all of us do, but the enemy does not. If it was that we are not getting out of Vietnam fast enough—even if every American fighting man was ordered to leave tomorrow it could not be done without slaughter on the roads, slaughter on the beaches, and slaughter from the air as American troops assembled on the docks to depart. One

would think that those disenchanted with Vietnam policies would realize no American President of either political party can afford to set the stage for an American Dunkirk. They must be aware of the fact that it is a basic obligation of the American Government to protect the lives of Americans forced to remain in Vietnam in ever dwindling numbers as U.S. withdrawal continues.

Not a little of the frustration over Vietnam results from the fact that the war there has never been fought to win under any American political administration. The American military has never been allowed to destroy aerially the truly significant enemy targets. Even the off-loading of known war supplies at Hai-phong has never even been interrupted although it has been established fact for years that these supplies included guns and bullets and oil and material of war that was transported to kill American boys. Of course, if you are not going to fight a war to win you cannot win it. And no American citizen ought to be ordered to fight abroad under such insane policies. Of course, there is frustration and confusion from such things.

But the point is that today President Nixon is acting to get us out of Vietnam. He is withdrawing. He is not continuing to increase American forces there. His policy is a radically changed one from that which prevailed under Lyndon Johnson. Yet, the President cannot accelerate the withdrawal to a level that would pull the rug out from under the hundreds of thousands of Americans who are stuck there. He seeks a commitment from the enemy forces to cease their attacks so we can withdraw. One would think that even those marching in the moratorium demonstration would realize such policies deserve their support and not their protest. Actually the demonstration should be against the Communist embassies and not our own Government, for it is the Communists who steadfastly refuse to make any commitment that would end this war. It is the Communists who tell American wives who plead for their husbands' release to go home and demonstrate against their Government. It is the Communists who clearly are determined that the Americans shall be driven into the sea and eventually destroyed so that communism can prevail in the world. The demonstrators should realize this, too. There is no quarter in this struggle which is worldwide and on the outcome of which depends the ability of this same younger generation to continue to live in freedom in an open society such as ours.

There are no free Senators and Congressmen in the Soviet Union, just as there is no right of free speech or private ownership and inheritance of property, nor almost any of the precious bill of rights that we have in America. Do the protesters really want a world or life under such conditions? Would they honestly rather be "Red than dead?" I cannot believe they do. If they actually do, then the good Lord help our way of life should they ever become a majority in this country.

PROBLEM OF HORSE SORING

The SPEAKER pro tempore. Under a previous order of the House the gentleman from Tennessee (Mr. KUYKENDALL) is recognized for 30 minutes.

(Mr. KUYKENDALL asked and was given permission to revise and extend his remarks.)

Mr. KUYKENDALL. Mr. Speaker, I appreciate the courtesy of a special order set today to allow me to express myself on the problem of horse soring.

Since the time that this practice became a nationally known scandal, Mr. Speaker, I have not yet heard one voice rise up in its defense. There have been some mutterings and mumbblings on the edge of the picture, something to the effect that it is a State problem and none of the Federal Government's business, but not that first word has been spoken in defense of the trainers, the owners, and judges who have winked at the practice each time they watched a magnificent animal walk by, with its ears back in pain.

If there is someone here who does not know what we are talking about, let me explain it:

The Tennessee walking horse is almost unique in its gait, which is a high-stepping, easy-to-ride movement, most easily described as "poetry in motion." Watch it done by a champion, trained by people who know what they are doing, and you can almost hear Strauss waltzes.

And over the years, the prizes for the best Tennessee walking horses have gone consistently to the horses who stepped the highest and fanciest.

There are more ways than one to make a horse step high. One way is by careful training, which requires long hours of work and patience. Another way is to hurt the horse—to give him a pain in his foot, which makes him raise his foot higher off the ground to avoid the pain.

The ways of doing this bespeak an ingenuity that rivals Torquemada in the days of the Spanish Inquisition. Certain ointments—caustic enough to burn through the skin, are applied to the coronet—which corresponds to the instep on your foot, Mr. Speaker—and then heavy chains, or other weights, are placed on top of the sore area.

Think for a moment, of the last blister you had. Now think again, and visualize a chain bracelet around your ankle bumping the blister every time you take a step.

That, Mr. Speaker, is soring. That is what some otherwise decent religious men, who are good to their families, generous to charities, and zealous in their religion, do to dumb animals in the name of gentlemanly sport. It is an abomination that must be stopped.

I am happy to say to you that many of the owners and breeders of fine horses in my State do not condone this practice, and want to see it stopped every bit as much as I do. But their efforts so far have been unsuccessful, and it is time they had help.

When I first introduced H.R. 14052, there came a faint cry of protest from Tennessee—to the effect that this was strictly a State matter, and one in which the Federal Government had no part. I replied that the States so far have done nothing to curb it, and I heard no voices assuring me they intended to.

Then I received a call from the Governor of our State, and he was such a

voice. He minced no words in suggesting what should be done; the appointment of a special Governor's commission to license participants and oversee the welfare of show animals; the establishment of heavy penalties for repeating violators.

In turn, I assured Governor Ellington that the minute he signed such a bill into law, I would return to the floor of the House and ask my colleagues to amend our bill to exempt from its provisions any State with adequate laws on their statute books to control the practice.

Last week, it was my pleasure to meet with a delegation from Tennessee who journeyed to Washington for the specific purpose of discussing this matter with me—the State veterinarian of Tennessee; the president of the Tennessee Walking Horse National Celebration at Shelbyville; and the assistant attorney general of Tennessee who wrote the proposed State law. We determined that our goals were the same, and we differed only in a few details of how to pursue them.

Following this conference, I presented to Governor Ellington my suggestions for the makeup of the Tennessee Horse Protection Commission. He readily agreed to my suggestions, and authorized me to tell you what he intends to recommend as a watchdog agency to protect the Tennessee walking horse:

The Tennessee Commissioner of Agriculture, serving as ex officio chairman.

Three members who are either owners, trainers, or riders of horses shown in professional show classes.

One practicing veterinarian, who is not connected with professional horse shows, or retained by individuals or clubs who exhibit horses in these shows.

One member representing the National Celebration, who shall not be an owner, trainer, or rider.

One member who is associated with an organization primarily involved in the humane treatment of animals.

This seven-member commission would be empowered to prescribe rules and standards for the licensing of trainers, riders, judges, and stewards before they can be allowed to conduct, or participate in any horse show in the State.

The act would prohibit unlicensed persons from participation in any professional show, and would further prohibit the practice of soring, exhibition of a sored horse, allowing a sored horse or unlicensed person to participate in a show, or offering a sored horse for sale.

In addition to the power to revoke licenses, the act also arms the commission with a specific misdemeanor statute: violators of its provisions would be subject to maximum fines of \$500 and 6-month jail terms for a first offense; and \$1,000 and 11 months and 29 days in jail for subsequent convictions.

This, Mr. Speaker, is action long overdue at the local level. I commend the leadership of my State for taking it, however belatedly, and I renew my pledge that the day it is signed into law, I will ask that our bill be amended to exempt from its provisions any State that has put its own house in order.

And to those citizens who ask me how I, as a Member of the U.S. Congress, can find time to be concerned over animals amid the pressing problems of war, disease and human suffering that face us, I can only ask them to consider:

Would you want to be represented by one who cannot?

WHY THE BOARD OF REVIEW MUST BE ABOLISHED

The SPEAKER pro tempore (Mr. PRICE of Illinois). Under previous order of the House, the gentleman from West Virginia (Mr. HECHLER) is recognized for 60 minutes.

Mr. HECHLER of West Virginia. Mr. Speaker, on page 29368 of the October 9, 1969, RECORD, I set forth the reasons why the present Federal Coal Mine Safety Review Board should be abolished, and also how outrageous it would be to expand the powers of the Board of Review in the pending coal mine health and safety bill. There is ample provision for judicial review in the legislation we will consider, and it violates every canon of sound administrative procedure to empower five private individuals to come in and review the decisions of the public official responsible.

Copies of the pending bill have been reviewed by a number of experts in administrative law, and their responses are very revealing:

LAW SCHOOL OF HARVARD UNIVERSITY,
Cambridge, Mass., October 16, 1969.
Re Federal Coal Mine Health and Safety Act.

HON. KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR MR. HECHLER: I have looked over the proposed federal Coal Mine Health and Safety Act of 1969 with a view to the question raised in your letter of October 7.

I know very little about the mining industry although I have some familiarity with the history of the United Mine Workers and collective bargaining in the industry. On general principle, it seems to me that the proposed administrative structure is thoroughly unsound. The determinations of a senior public official ought not to be subject to review by a board constituted so as to represent special interest groups. The Secretary of the Interior is charged with considering the multitude of diverse interests involved in the light of legislative policies. He acts with at least a measure of detachment from special interest groups. Four members of the Board will almost certainly be designees of particular groups, including operators' associations and the United Mine Workers of America. While the representatives of the special interest groups may seek to achieve detachment, it is inevitable that they will be subject to all kinds of pressures such as loyalty, past and present affiliation, duties of representation, etc. The concurrent votes of the special interest representatives, speaking perforce for their constituencies, should not be enough to overturn the considered determination of an independent public official in a matter so important as health and safety. The special interest representatives are all too likely to have special interests that may sometimes lead them into accommodations that are not in the interest of the health and safety of miners.

The incongruity of the proposed arrangement is underscored by the fact that, with

the bill in its present form, an order of the Secretary which the neutral public member of the board thinks to be proper can nevertheless be overturned by the representatives of special interests. It seems most extraordinary to give special interests the power to veto the uniform determination of all the impartial public officials who study an issue.

I have never encountered any similar administrative arrangement. Perhaps one exists; but if it does, neither I nor the colleagues whom I have consulted have encountered it.

The proper place for interest representation is prior to the order of the Secretary of the Interior. Such representation insures that the views of people intimately connected with the industry will be taken into account but the ultimate decision would be made upon consideration of all the interests concerned without disproportionate weight being given to represented groups.

Sincerely,

ARCHIBALD COX.

UNIVERSITY OF MINNESOTA,
Minneapolis, Minn., October 16, 1969.
Congressman KEN HECHLER,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN HECHLER: This will reply to your letter of October 7. Unfortunately, I have not had the time to give your letter the careful consideration it deserves. Universities these days do not seem to allow time for quiet thought.

I do not know of any other review board similar to the proposed Federal Coal Mine Health and Safety Board. However, I have not been able to make a careful check to warrant a certain statement to that effect.

An evaluation of the proposed Board would require intimate knowledge, which I do not have, about how the existing Federal Coal Mine Safety Board has been working.

Nevertheless I will state my views for whatever they may be worth. I am generally opposed to the creation of such administrative boards of review, and especially if only one side to a controversy is given access to them. My reason for opposition is that effective administration of any federal statute depends upon combining authority and responsibility. Under the proposed bill, the secretaries of the Interior and of HEW, and ultimately the President, will be held responsible for the health and safety standards promulgated. They should therefore, be given all the authority necessary to discharge this responsibility. They should not be held responsible, for example, for health and safety standards that the proposed review board may impose. At the same time, the proposed review board, which seems to be given ultimate administrative authority, is not the kind of agency that can be held publicly responsible for its actions. I agree with you that the interests of the mine operator are adequately protected by the judicial review provisions of the bill. I am sorry that I can only give you these general impressions and not conclusions based upon a study of the work of the existing review board.

Good luck.

Sincerely yours,

CARL A. AUERBACH,
Professor of Law.

THE UNIVERSITY OF TEXAS,
SCHOOL OF LAW,
Austin, Tex., October 13, 1969.

HON. KEN HECHLER,
Cannon Office Building,
Washington, D.C.

DEAR CONGRESSMAN HECHLER: This is in reply to your request for comments on H.R. 13950 relating to the health and safety of coal miners.

Section 105 of the Bill authorizes operators of coal mines and representatives of miners to apply to the Secretary of the Interior for a review of an order issued by him under Section 104. Section 107(a) gives to operators the option either to apply to the Health and Safety Board of Review for revision of an order of the Secretary issued under § 104 or under § 105. In other words, an operator need not ask the Secretary for a review of his order under § 105, but may directly appeal to the Review Board from an initial order of the Secretary. No similar right is granted to representatives of miners.

It is true that § 107(b) requires that a copy of the operator's application to the Board must be sent to representatives of the miners and that the Board shall permit intervention by "any interested person." This would, undoubtedly, include miners affected by the challenged order of the Secretary. But this intervention does not give to representatives of the miners the right to initiate proceedings before the Board, and this is all the more startling because, as stated above, the miners may ask the Secretary for a review of his order.

The provisions of Judicial Review of the Board's decisions (§ 108) are even more one-sided. Only the Secretary and "the operator aggrieved by the decision" may file a petition for judicial review. The miners are not mentioned, and under familiar principles of statutory interpretation would not be entitled to judicial review.

Now it is possible that in some cases the miners would not be aggrieved. This would most likely be the case with respect to an order under Section 104(a) in which the Secretary finds imminent danger and orders all personnel removed from the mine. A decision of the Board upholding such an order would be in the interest of the miners, who would have no reason and no standing to ask for judicial review. On the other hand, orders of the Secretary issued under Section 104 (b), (c), (h) or (i), which require certain corrective measures in the absence of a finding of imminent danger may aggrieve the miners: They may contend that there is imminent danger which calls for an order pursuant to paragraph (a) of Section 104. There may be other reasons for protest by the miners against such orders.

Perhaps the authors of the Bill had in mind an analogy to the unfair labor practice provisions of the National Labor Relations Act, where a union complaining of unfair labor practices allegedly committed by an employer is not formally a party to the proceeding. If that was the reason for denying to the miners the right to initiate proceedings before the Board and to ask for judicial review, it is entirely unconvincing: The issues under this Bill are infinitely more serious than the question of whether an unfair labor practice has been committed. Hence, unless there is some other justification for this which escapes me, the denial of the right of review to the persons vitally affected appears to be arbitrary and unreasonably discriminatory.

This discriminatory method is also reflected in the "temporary relief" provisions of the Bill. Such relief may be granted by the Secretary (Section 105d), the Board (Section 107f), and the Court (Section 108c). The Board may grant temporary relief only at the request of an "applicant", that is an operator, and the Court may grant it to the parties, which means the Secretary and the operator, but not the miners. The Board could thus suspend an order under Section 104(a), and the Court, at the request of the Secretary, could later reinstate it, but that correction may come too late.

Moreover, even if the review provisions were to be made available to both sides on

equal terms, there would still remain a serious question as to the effectiveness of this procedure. The definition of "imminent danger" (Section 3j) is the heart of this legislation. Suppose the Secretary issues an order under Section 104(a), and the operator, in good faith, but, as it turns out later, mistakenly, protests; He may ask the Secretary to reconsider, and the Secretary is required to make his decision "as promptly as practicable." (Section 105c). If the Secretary turns down the protest, the operator may go to the Board which also must decide the case "as promptly as practicable." (Section 107g). This hortatory phrase is incapable of precise definition and may cover a relatively substantial period of time. If the operator is turned down by the Board, he may appeal to the Court which is not bound by any time limit. In short, this elaborate review procedure satisfies the most meticulous requirement of due process. But the miners may not survive it, unless an order finding "imminent danger" were to remain in effect until a final decision as to its validity.

The operators may feel that this would not protect them against arbitrary findings of "imminent danger." The answer is not the long drawn out procedure presently provided by the Bill, but a special one-step procedure permitting direct review by a Court of the finding of "imminent danger", or "no imminent danger" and requiring a decision within a specified short period of time on a high priority basis ahead of all other cases on the Court's docket. I respectfully suggest that nothing less would suffice where human life is at stake.

Best wishes.

Sincerely yours,

CARL H. FULDA,
Professor of Law.

UNIVERSITY OF MISSOURI-COLUMBIA,
Columbia, Mo., October 17, 1969.

Re H.R. 13950.

HON. KEN HECHLER,
Cannon Office Building,
Washington, D.C.

DEAR REPRESENTATIVE HECHLER: Any request in the name of President Truman requires the best response I can manage, even though I am not at all confident about my competence.

With respect to the specific questions put in your letter of October 7, 1969, permit me to respond as follows:

(1) the Board of Review contemplated by §§ 106-107 of HR 13950, 91st Congress, is an anomaly and would only serve to hinder the attainment of the goals which the bill is nominally designed to achieve. Where the Congressional purpose is the physical safety or health of our citizens it has long been recognized that elaborate review devices are inconsistent with such a goal and that summary action, with judicial review following such action is both constitutionally permissible and, indeed, desirable. See, e.g., *Gellhorn & Byse, Administrative Law* 769-84 (4th ed. 1960). The interposition of a review board between the order of the Secretary and the courts is a crude device and, to this writer, a transparent attempt to encumber and weaken the enforcement of the policies of the bill. In my judgment, in order to insure effective implementation of the policies of this legislation while at the same time affording protection against overzealous enforcement the Board should be totally eliminated and Section 407 cut out so that the action of the Secretary would be reviewable in accordance with the procedures of the Federal Administrative Procedure Act. In this day and age, to seek exemption from the Federal Administrative Procedure Act and to substitute, for the time-tested procedures thereof, a "Review Board" with what

must inevitably become a "private sector bias" and with jurisdiction limited solely to operator appeals, is, to my mind, ludicrous;

(2) although it seems to me that during the early stages of the New Deal (E.g., the National Recovery Administration) techniques of this sort were, from time to time employed (how about the Bituminous Coal Commission?) I know of no present federal analogy, except, perhaps the notorious Railroad Adjustment Board whose deadlocks seem to require the intervention of a referee. See *K. C. Davis, Administrative Law: Cases-Text-Problems* 243 (1965 ed.) But even this agency is composed of representatives drawn from both sides, which is not quite the same as the proposed Federal Coal Mine Health and Safety Board of Review. Unfortunately, in our state governments, there is some precedent for this type of body in that many regulatory bodies (E.g., State Banking Commissions) are composed of persons drawn from the very same professions or callings whose activities have been designated as requiring regulation and control. This practice has been the subject of increasing dissatisfaction and criticism, and, for this reason, would not seem to be a desirable model for federal legislation.

Some years ago, while doing some research into the problem of "standing," I came across the case of *Director of USB of M v. Princess Elkhorn Coal Co.*, 226 F. 2d 570 (6th Cir. 1955). The case (which was decided in favor of the operator despite vigorous departmental objection) seems to confirm your appraisal of the loophole shooting process of 1952.

I am taking the liberty of forwarding a copy of this letter and the copy of the bill which you furnished to me to Professor Walter Gellhorn who may wish to make some comments. He is considerably more experienced in this area than I and may have some more valuable observations to make.

Yours faithfully,

FRED DAVIS,
Professor of Law.

LAW SCHOOL OF HARVARD UNIVERSITY,
Cambridge, Mass., October 16, 1969.

HON. KEN HECHLER,
Cannon Office Building,
Washington, D.C.

DEAR CONGRESSMAN HECHLER: I believe that as a general proposition it is bad administrative theory and bad administrative practice to set up over a public officer a board based on interest representation. It is appropriate to require a public officer to consult the interests and to allow them to participate in the process leading up to decision. But except in the most unusual circumstances, it is unsound to give such a board the ultimate power. The reason for this is that the representation of interests can never be complete, can never be truly representative of all of the legitimate interests. Though I do not know enough about the organization of the coal industry to have an informed judgment, I wonder whether there would not be a conflict of interests within the class of mines in which more than fourteen individuals are regularly employed. The very purpose of vesting power in the public officer is to secure a more inclusive, a more balanced evaluation.

The actual intention of the bill with respect to the power of the Board is not clear to me. Is there possibly an ambiguity in Sec. 106(h) to the effect that, "official action can be taken only on the affirmative vote"? In the absence of an affirmative vote does the ruling of the Secretary against the company stand or does the whole proceeding against the mine fall? Strictly, it should be the former since the proceeding is an appeal. If, however, the proceeding is treated as a proceeding de novo, the failure of an affirmative

vote would mean that no action against the mine could be taken. Perhaps this is clear to those familiar with the bill. If I can be of any further help please call on me.

Sincerely,

LOUIS L. JAFFE,
Byrne Professor of Administrative Law.

DECISIONS OF THE BOARD

A review of the 22 decisions of the Board makes one wonder whether this Board understands that the purpose of the 1952 act is safety. For this reason, the act should not be construed restrictively. Yet, many of the cases have, in fact, been construed in this manner. One in particular clearly demonstrates this point. It is a case in which the Bureau was reversed in 1961—docket No. 61-02.

In the case, a fatality occurred in the Midvale Mine No. 7 in Ohio, a union mine. Since the Bureau of Mines' advisory code was part of the union contract, the operator, under that code, was required to "freeze" the condition surrounding the accident until a Bureau inspector completed his investigation.

When the inspector came, he took an air sample and found 0.49 percent methane. Under the act, if 0.25 percent methane or more is found, the mine must be classed gassy. The inspector issued a gassy classification order based on the sample. The operator appealed.

The operator contended that by voluntarily complying with the code provisions relating to accident notification and investigation, thereby exposes his entire mine to a gassy classification based on the air sample taken at the very site, and under the program conditions, of that accident, obviously no informed and vulnerable operator would ever comply with the code.

The Board said:

Confronted with the problem of such conflicts in the operation of a statute, the courts have frequently indicated that the act must be read in its entirety and the conflicting provisions must be reconciled and harmonized to accomplish the overriding purposes of the legislature.

I certainly would concur with this statement, but the Board went further, as you will see, and attempted to harmonize an act of Congress with an advisory code that has no basis in law. It was only enforceable under the union contract.

The Board unanimously went on to conclude:

Applying these principles to the instant case, we are of the opinion that, under the particular circumstances here involved, the applicant's mine was improperly classified as gassy under section 203(d) of the act. More precisely, we hold that where, as here, the operator fully complied with Title I and the Code by promptly notifying the Bureau and freezing the conditions of a fatal accident, section 203(d) was not intended to empower the Bureau to classify the mine as gassy based on an air sample collected at the very site, and under the frozen conditions, of that accident.

This determination in our view reconciles the conflicts apparent in this case and renders Title I, the Code, and Title II workable and in harmony for the effective operation of the entire act. Furthermore, in our considered judgment, this decision more fully

effectuates the overriding and controlling safety purposes sought to be accomplished by Congress in its mine safety program. In the latter connection, the intended safety purposes of Title I as implemented by the Code obviously can be effectuated only by encouraging, rather than penalizing, full compliance with the applicable Code provisions in the present case. Moreover, as already mentioned, a contrary decision would in substantial effect excise these Code provisions designed to enhance the safety of the workers in the mines. At the same time, the safety purposes underlying the air analysis provisions of section 203(d) are in no way impaired since, but for the applicant's voluntary compliance with the Code provisions, methane would not have been found at all in the critical sample.

We also must emphasize again the above regard, that our decision is strictly confined to the circumstances in this case, where the operator fully complied with the applicable provisions of the Code, and, as a result of this compliance, methane was found by air analysis at the immediate site and under the frozen conditions of the fatal accident. Absent such circumstances, the gassy classification order would properly issue.

I am sure that most would be shocked to read such an outrageous ruling from an administrative agency established to enforce a "safety act" of Congress not an advisory code of an executive agency. The Board, too, had qualms of conscience about this "bad" decision when they added this admonition:

Finally, we must caution, that, although in our opinion the gassy classification order was not justified upon the record of the instant case, *this determination does not mean that the finding of methane should be disregarded either by the applicant or by the respondent. On the contrary, the applicant must now be increasingly vigilant and alert in its conformity with the Code and its compliance with the provisions of Title II of the act. And the respondent, by reason of the circumstances here disclosed, must now increase both the number and the intensity of its inspections, in order to minimize any potential danger to the workers employed underground at this mine.* (Italic supplied)

Here is a board, recognizing the "potential danger to the workers" of this mine from the sudden onrush of methane in a mine where open flames, smoking, and nonpermissible equipment is permitted under the act because it was a non-gassy mine, yet they choose to ignore the danger. How indifferent can such a board be. Why did not the workers' representative object? Why did not the union object? Why did not the Bureau of Mines appeal? I have no answer to these questions. I can only surmise that their interests in economics far exceeded their interest in the miner's safety.

When I read this decision, I was sick with the thought of what could have happened at that mine. Fortunately, the mine was finally classed gassy in 1967 by the Bureau and, this time, the Board upheld the Bureau, despite the objections of the operator to an "excessive" number of inspections. The Board noted that it had urged such inspections. But think, 6 years lapsed in which these miners were in constant danger.

SECRETARY OF THE INTERIOR'S POSITION

By letter dated May 23, 1969, Secretary Hickel advised the Congress that

the present Board of Review and the one found in H.R. 13690 should be "abandoned." He recommended two alternative approaches. The pertinent part of the Secretary's letter follows:

To date the Board has done a creditable job. It is experienced in mining technology and knows the problems of the miners and the operators. But the Board has had few cases over the last 17 years. It is reasonable to expect that this workload will increase under this legislation, particularly when we consider that the Board will be reviewing civil penalties also. We now believe that a part-time Board would not be satisfactory. In addition, it has come to our attention that, since the bill also covers surface mines, the operators and workers of that part of the industry would have a legitimate claim of discrimination unless the operators and workers of that segment of the industry are represented on the Board.

Upon reflection of all of these factors, we believe that it would be better to abandon the present type of a Board and establish a new review procedure.

One alternative would be to establish a hearing procedure within the Department of the Interior, placing the decision-making authority in the Secretary along the lines of the Administrative Procedures Act or establish a Board subordinate to the Secretary with final decision in the Secretary. This approach, however, raises the age-old criticism leveled against many agencies of fusion of the responsibilities in the Secretary of enforcement, prosecutor, judge, and jury.

The second alternative which we believe to be far superior, and which is followed in the enclosed amendments, would be to establish a 5-member full-time Board as an independent agency not subordinate to the Secretary. We note that the Department of Transportation Act (80 Stat. 931, 935), in establishing the National Transportation Safety Board, transferred many functions of the Secretary of Transportation to the Board and gave it final authority. The Board's membership would include 2 people having a background either by training, education, or experience in mining technology, one having a public health background, and the last 2 being drawn from the general public. Board members under this approach would not have any interest in—financial or otherwise—hold any office in, the coal mine industry for at least one year prior to their appointment and during the entire term of their appointment. Like the present Board, membership would be for a term of 5 years. The President would designate one of the members as chairman. In order to avoid hiatus between the time of the passage of the bill and the appointment of Board members, the present Board would continue in office in accordance with the conditions under which they were appointed until they are replaced or reappointed under the bill.

The second alternative was defeated in the other body 53 to 24.

The approach taken by the other body and by my amendments is the same as the Secretary's first alternative. I include my amendment to strike the Board at this point in the RECORD:

AMENDMENT TO H.R. 13950 OFFERED BY MR. HECHLER OF WEST VIRGINIA

On page 4, line 24, after the semi-colon insert "and".

On page 5, line 4, change the semi-colon to a period and strike "and".

On page 5, strike lines 5 and 6.

On page 6, line 4, strike "the Board, other".

On page 8, line 3, strike "by the Board".

On page 8, line 7, change the comma to

a period and strike out all thereafter through the period on line 9.

On page 8, line 10, strike all through page 9, line 6, and substitute the following:

(f) Promptly after any such notice is published in the Federal Register by the Secretary under subsection (e) of this section, the Secretary shall issue notice of, and hold a public hearing for, the purpose of receiving relevant evidence. Within sixty days after completion of the hearings, the Secretary shall make findings of fact which shall be public. In the case of mandatory safety standards, the Secretary may promulgate such standards with such modifications as he deems appropriate. In the case of mandatory health standards, the Secretary shall transmit his findings to the Secretary of Health, Education, and Welfare who may, upon consideration of the Secretary's findings of fact, direct the Secretary to promulgate the mandatory health standards with such modifications as the Secretary of Health, Education, and Welfare deems appropriate and the Secretary shall thereupon promulgate the mandatory health standards.

On page 20, line 1, strike after the period through page 21, line 14, and substitute the following:

The applicant shall send a copy of such application to the representative of miners in the affected mine, or the operator, as appropriate. Upon receipt of such application, the Secretary shall cause such investigation to be made as he deems appropriate and shall promptly hold a public hearing for the purpose of receiving relevant evidence relating to the issuance and continuance of such order. The operator and the representative of the miners shall be given written notice of the time and place of the hearing at least five days prior to the hearing. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code.

(b) Upon completion of the hearing, the Secretary shall make findings of fact, and he shall issue a written decision vacating, affirming, modifying, or terminating the order complained of, or the modification or termination of such order, and incorporate his findings therein.

(c) In view of the urgent need for prompt decision of matters submitted to the Secretary under this section, all actions which the Secretary takes under this section shall be taken as promptly as practicable, consistent with the adequate consideration of the issues involved.

(d) Pending completion of the proceedings required by this section, the applicant may file with the Secretary a written request that the Secretary grant temporary relief from any order issued under section 104 of this Act, except section 104(a) of this Act, or from any modification or termination of any order issued under section 104(g) of this Act, together with a detailed statement giving reasons for granting such relief. The Secretary may grant such relief, under such conditions as he may prescribe, if—

(1) a hearing has been held in which all parties were given an opportunity to be heard;

(2) the applicant shows that there is substantial likelihood that the findings of the Secretary will be favorable to the applicant; and

(3) such relief will not adversely affect the health and safety of miners in the affected coal mine.

On page 21, line 15, strike all through page 30, line 19.

On page 30, line 21, strike all through page 31, line 20, and substitute the following:

SEC. 108. (a) Any decision issued by the Secretary under section 105 of this Act shall be subject to judicial review by the United States court of appeals for the circuit in

which the affected mine is located, or the United States Court of Appeals for the District of Columbia Circuit, upon the filing in such court within thirty days from the date of such decision of a petition by the operator or a representative of the miners in any such mine aggrieved by the decision praying that the decision be modified or set aside in whole or in part. A copy of the petition shall forthwith be sent by registered or certified mail to the other party and to the Secretary and thereupon the Secretary shall certify and file in such court the record upon which the decision complained of was issued, as provided in section 2112 of title 28, United States Code.

(b) The Court shall hear such petition on the record made before the Secretary. The findings of the Secretary, if supported by substantial evidence on the record considered as a whole, shall be conclusive. The court may affirm, vacate, or modify any such decision or may remand the proceedings to the Secretary for such further action as it may direct.

(c) Pending review of an decision issued by the Secretary under section 105 of this Act, except a decision pertaining to an order issued under section 104(a) of this Act, the court upon request, may, under such conditions as it may prescribe, grant such temporary relief as it deems appropriate pending final determination of the proceeding if—

(1) all parties to the proceeding have been notified and given an opportunity to be heard on a request for temporary relief;

(2) the person requesting such relief shows that there is a substantial likelihood that he will prevail on the merits of the final determination of the proceedings; and

(3) such relief will not affect the health and safety of miners in the coal mine.

On page 32, line 2, strike "Board's" and insert "Secretary's".

On page 32, line 4, strike "Sec. 109" and insert "Section 107".

On page 34, line 2, strike "Sec. 110" and insert "Sec. 108".

On page 35, line 9, strike "Sec. 111" and insert "Sec. 109".

On page 36, line 3, strike "Board" and insert "Secretary".

On page 37, line 22, strike "Sec. 112" and insert "Sec. 110".

On page 43, line 11, strike "Sec. 113" and insert "Sec. 111".

On page 48, lines 10 and 14, strike "the Board" and insert "the Secretary of Health, Education and Welfare".

On page 49, line 9, strike the comma after "Secretary" and strike "the Board".

On page 106, line 5, strike all through line 7, and substitute the following:

Sec. 401. (a) The Secretary and the Secretary of Health, Education and Welfare, as appropriate, shall conduct such studies, research, experiments, and demonstrations as may be appropriate.

On page 108, line 1, strike all after "(b)" through the period on line 5.

On page 108, line 13, strike all after the period through the period on line 15.

On page 108, line 24 strike "the Board" and insert "the Secretary".

On page 109, lines 1, 7, 11, 16, 20 and 22, strike "Board" and insert "Secretary".

On page 109, lines 1, 4, and 5, strike "it" and insert "the Secretary".

On page 109, lines 7, 18, and 20, strike "it" and insert "the Secretary and the Secretary of Health, Education and Welfare".

On page 115, line 2, strike the period and insert a comma and the following "except as provided in section 105 of this Act".

On page 117, lines 8 and 15, strike "Board" and insert "Secretary".

FORMER VICE PRESIDENT HUBERT H. HUMPHREY AND NAPCO INDUSTRIES OF MINNEAPOLIS

The SPEAKER pro tempore (Mr. PRICE of Illinois). Under previous order of the House, the gentleman from Iowa (Mr. GROSS) is recognized for 30 minutes.

Mr. GROSS. Mr. Speaker, new evidence has been filed in the U.S. district court in Detroit which shows for the first time the key role played by former Vice President Hubert H. Humphrey in the fraud perpetrated against the Government by Napco Industries of Minneapolis, Minn.

It will be remembered that Napco, with its powerful ties to Humphrey, was able to hoodwink the Agency for International Development into paying a tremendously inflated price for its virtually obsolete, worn-out gear manufacturing plant, which was then dumped on a group of unsuspecting investors in India.

It will also be remembered that one of the chief architects of this \$4 million swindle was Max M. Kampelman, Humphrey's former legislative assistant and one of his closest and most trusted advisers.

The papers filed in court spell out a sorry and sordid connivance and they show that Humphrey was, at best, an unwitting tool of a group of fixers, led by Kampelman, and included one of his most stalwart financial supporters. That is the most charitable role in which Humphrey can be placed, for if he was not an unwitting tool, he had to be a knowing accomplice.

Humphrey, when he was finally forced to say something publicly about his role in this deal, piously dismissed it as a "routine" service to a constituent.

In order to understand his true involvement in this case, one has only to read the documents on file in the court.

As early as December 22, 1960, the Washington promoter hired by Kampelman to help obtain the loan for Napco—one Paul R. Gibson—was writing to Napco president, the late Max E. Rappaport, that:

We have everything we need except (a) the political pressure to be applied after January 20, 1961, and (b) a few more nice letters from NAPCO and/or Detroit Bevel Gear customers.

Then, on January 31, 1961, the promoter wrote Rappaport again:

Max Kampelman and I further agreed that the assistance of Senator Humphrey, Orville Freeman, and perhaps a Minnesota Congressman, would be utilized to telephone the various members of the Development Loan Fund Board of Directors prior to this project being presented before that group for a final decision.

Mr. Humphrey subsequently conducted an international letter writing campaign in behalf of Napco but claimed he had disassociated himself from the case before the loan was approved by the AID agency in June of 1962.

According to the New York Times,

Mr. Humphrey pulled out because he was warned by friends at the State Department that the project "was beginning to look smelly."

Mr. Speaker, according to the documents filed in the Detroit Court, this simply was not true. Humphrey did not cease his efforts on behalf of Napco.

In a letter to Kampeiman on November 1, 1962, the loan promoter, Gibson, states the following:

DEAR MAX: At lunch today John Ulinski (the Government official who handled most of the work in connection with the loan) advised me that it was perfectly proper for Senator Humphrey to send C. Tyler Wood, Economic Minister, American Embassy, New Delhi, a cable similar to the one the Senator sent to Desai.

It is obvious that there was some doubt in somebody's mind whether this was a proper thing for Humphrey to do, but it is interesting to note that the advice that it was "perfectly proper" came from a man who had won a promotion with the active help of Max Kampelman.

Kampelman and his crowd apparently left no stone unturned in pushing this deal. On November 28, 1961, eleven months before Mr. Ulinski's advice concerning the Humphrey cable, the loan promoter, Gibson, wrote Kampelman a letter labeled "confidential" in which he thanked him for his aid to Ulinski:

DEAR MAX: Please accept my sincere appreciation for your efforts in the case of John Ulinski. John has been promoted to GS-16 and has been given the India-Ceylon-Nepal Desk, South Asia Region, of A.I.D.

I have told John that you intervened in his behalf and I know that he is most grateful.

This letter, of course, raises the interesting question as to how, and from whom, Kampelman sought favor for the AID official who was considering the Napco loan.

Let us return, however, to Humphrey's continuing role in the loan itself.

Several days after Ulinski's advice on the cable to C. Tyler Wood, Kampelman wrote to Max Rappaport on November 9, 1962 as follows:

DEAR MAX: Senator Humphrey received the following cable from Ambassador Galbraith in India:

"Wood attempting expedite government clearance. Will report further developments."

Then, on November 13, 1962, Kampelman again wrote to Rappaport, enclosing copies of two identical cables from Humphrey to two members of the Indian Government's Planning Commission in New Delhi. The cables said this:

Respectfully request your personal examination US AID approved project establishing Napco Bevel Gear India. Important India defense and economy. Personally familiar with project. Informed collaboration agreement delayed by your commission. Trust matter can be expedited.

As I have said, Mr. Speaker, when some of Humphrey's role in this fraud against the United States became known, his office claimed he gave Napco only routine constituent service.

According to the New York Times, Humphrey's office stated that:

Our senatorial office referred all inquiries from Minnesota business constituents to the appropriate agencies without discussing the merits.

Of course, the Times was also told that Humphrey had pulled out of the case before the loan was ever made.

It is obvious from the documents filed in court that neither statement was true.

The loan, as I have pointed out, was approved in June of 1962. These three cables—one to C. Tyler Wood and two to the Indian Commissioners—were sent in November 1962.

Yet Humphrey was still active in the case 2 years later.

For example, the court file contains a copy of a letter of May 12, 1964—from Humphrey to U.S. Ambassador to India Chester Bowles, in which Humphrey expresses his concern over learning from a Napco official that the project was in serious trouble.

Humphrey then goes on to "strongly urge your cooperation in expediting" consideration of a Cooley loan to help bail out the project.

He states to Ambassador Bowles that if the project failed—

The inevitable damage to the climate for American investment in India, the blow to the prestige of a United States-based company, and the loss of enormous amounts of time and effort which have already been expended to bring this project to its present very nearly operable state would be highly unfortunate.

Humphrey concludes by urging that Ambassador Bowles meet with the Napco official, "and to take whatever steps seem to be helpful and effective." He said:

Anything you can do to solve this immediate crisis and give the company an opportunity to get into operation will be greatly appreciated.

And on June 30, 1964, we find Humphrey writing an even longer letter to William S. Gaud, then Deputy Administrator of AID, urging approval of "an additional Cooley loan" because the project was in such trouble that \$1,000,000 was needed quickly. Humphrey wrote:

I think it is important that we recognize that to solve the problem adequate funds will be required and on reasonable terms.

What Humphrey meant by "reasonable terms" is this:

Prior to the time that Kampelman persuaded Humphrey to go to bat again for a project that Humphrey had been told in 1962 "was beginning to look fishy," AID officials had been adamant that any Cooley loans made to Napco would have to carry a 50-percent guarantee by the company.

After Humphrey wrote his June 30, 1962, letter to Mr. Gaud, and apparently followed that with telephone calls to AID, the loan guarantee was reduced to 25 percent.

I think everyone will agree, Mr. Speaker, that a 25-percent obligation to repay a loan is certainly "reasonable" as far as the recipient of the loan is concerned. But it is completely unreasonable

from the standpoint of those who put up the money—in this case the helpless taxpayers of this Nation.

Nowhere, in the documents I have seen, do I find even the most remote, the most casual regard on the part of the former Vice President for the interests of the taxpayers of this Nation.

Whether his continued and ardent support of this smelly loan application, and the subsequent loan requests, was a demonstration of sheer naivete on Humphrey's part, I cannot say. Certainly that is the most charitable view to be taken of his role.

His repeated intercessions on behalf of Napco may have been mere cronyism.

They may have been prompted by the pointed reminder from Rappaport that he, Rappaport, had served as a fund raiser in many of Humphrey's campaigns.

At any rate, it is obvious that Humphrey was persuaded by Kampelman and Rappaport to misuse his prestigious public office, and thereby grievously abuse a public trust, in influencing decisions of Government agencies and officials, both here and abroad.

Humphrey is plainly guilty of highly improper conduct for his role in this most shoddy affair and it is a sad commentary on a former public official to recall the evasive and misleading statements concerning his role in it that were issued to the press by his office in the past.

LARGE NUMBER OF BANK HOLDING COMPANIES AIDED BY GRANDFATHER CLAUSE IN H.R. 6778 AS REPORTED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman Texas (Mr. PATMAN) is recognized for 60 minutes.

Mr. PATMAN. Mr. Speaker, in the committee report—No. 91-387—of the House Banking and Currency Committee on H.R. 6778, a bill to amend the Bank Holding Company Act of 1956, I stated in individual views my strong opposition to any grandfather clause in this legislation, especially the very recent date of February 17, 1969, found in the bill as reported.

In my individual views it was stated that I was having compiled a list of all one-bank holding companies benefiting by any grandfather clause exempting nonbank acquisitions consummated in recent years. The data have now been collected. They reveal the following:

A total of 239 one-bank holding companies formed on or after January 1, 1965, and carrying on one or more nonbanking activities has been identified—table 1.

These 239 one-bank holding companies operate 575 nonbank subsidiaries—table 2—engaged in no less than 124 different nonbank activities—table 3.

These 239 one-bank holding companies are located in 33 States and the District of Columbia—table 2. They operate banks in 31 States, having total deposits of over \$15 billion—table 1.

Among the one bank holding companies whose nonbank activities are exempted from divestiture under the proposed grandfather clause are the largest independent finance company in the United States—assets \$3.7 billion—the largest trading stamp company in the United States—assets \$422 million; the 114th and 293d largest industrial companies in the United States—assets \$605 million and \$667 million, respectively; the sixth largest retailing company in the United States—assets \$2.6 billion; and a holding company controlling the 29th largest commercial bank in the United States—deposits \$1.5 billion—table 5.

The nonbank activities of these recently created one bank holding companies are likewise spread through the United States and are carried on in 33 States and the District of Columbia—table 4. The total assets of these companies run into the many billions of dollars.

The nonbank activities of these bank holding companies range over the entire spectrum of business activity, but are heavily concentrated in the following areas: insurance agencies, insurance companies, real estate, various types of credit and finance companies, department stores and retail outlets, and many types of manufacturing concerns.

A few of the most significant one bank holding companies receiving substantial benefits from the February 17, 1969, grandfather clause are the following:

Sperry & Hutchinson Corp., New York, N.Y. This one-bank holding company controls the \$318 million State National Bank of Bridgeport, Conn., along with several department stores, the largest trading stamp operation in the United States, a travel agency, the Bigelow-Sanford Carpet Manufacturing Co., a company manufacturing office and industrial furniture, a real estate company, and textile manufacturing concerns.

National Lead Co., New York, N.Y. In addition to controlling the \$295 million Lake View First Savings Bank of Chicago, Ill., this one-bank holding company controls a large number of subsidiaries engaged in a wide variety of nonbanking activities. These include the manufacture of plastic sheeting, aluminum, bronze and brass castings, wood veneers, clay and glass sand, drilling and logging equipment, and electronics products; a lumber company; a real estate company; a die castings company; a smelting company; and a company processing and refining castor oil.

CIT Financial Corp., New York, N.Y. This giant conglomerate controls the \$1.4 billion National Bank of North America in New York City. It is the largest independent finance company in the country with \$3.7 billion in assets. In addition to these activities, CIT Financial Corp. has subsidiaries engaged in the underwriting of fire and casualty insurance; the construction business; the manufacture of office furniture and accessories; the leasing of cars and trucks; the manufacturing and sale of greeting cards, party goods and gift wrappings; the manufacture and sale of desk top com-

puters; and the manufacture and sale of scientific and research instruments, photographic chemicals and hospital communications systems.

General American Transportation Corp., Chicago, Ill. This one-bank holding company controls the \$401 million LaSalle National Bank of Chicago, Ill., and in addition has subsidiaries engaged in manufacture of industrial equipment. It is also one of the largest companies in the country engaged in the leasing of aircraft and railroad equipment.

Montgomery Ward & Co., Inc., Chicago, Ill. In addition to controlling the \$203 million Pioneer Trust & Savings Bank, Chicago, Ill., this one-bank holding company is one of the largest retail merchandisers in the country. It also has subsidiaries manufacturing concrete pipe and blocks; TV receivers and phonographs; and industrial paints and finishes.

Gamble-Skogmo, Inc., Minneapolis, Minn. This large conglomerate, in addition to controlling the Gamble's Continental State Bank of St. Paul, Minn., operates a mail-order house; department stores, and other retail chains; a life insurance company; controls a developer and lessor of real estate; a travel agency; a food store chain; a drugstore chain; a company doing outdoor advertising; a communications company; a finance company; and radio stations.

Union Bancorporation of Los Angeles. In addition to controlling the \$1.5 billion Union Bank of Los Angeles, this one-bank holding company controls subsidiaries engaged in data processing services, originating and servicing loans for sales to insurance companies, acting as independent insurance agents and brokers, and real estate development.

Baldwin-Central, Inc., Cincinnati, Ohio. In addition to controlling the \$216 million Central Bank & Trust Co. of Denver, Colo., this one-bank holding company also controls the \$148 million Empire Savings Building & Loan Association of Denver, as well as companies engaged in the manufacture of transistors and integrated circuits, the sale of credit life insurance, the manufacture of pianos and other musical instruments, and the publishing of printed material.

NLT Corp., Nashville, Tenn. This one-bank holding company controls the \$428 million Third National Bank of Nashville, and, in addition, controls the \$1.5 billion National Life & Accident Insurance Co. It also operates leading radio and TV stations in Nashville, WSM-TV and WLWM-FM, as well as a large mortgage banking company.

Bankers Life & Casualty Co., Chicago, Ill. This bank holding company controls the Citizens Bank & Trust Co. of Park Ridge, Ill. It also holds 24 percent of the stock of Royal National Bank of New York, N.Y. The president of Bankers Life & Casualty Co. holds an additional 11 percent of Royal National Bank stock, and other officers and directors of the holding company hold 60 percent of Royal National Bank stock. Therefore, in all, Bankers Life & Casualty Co. along

with its officers and directors control 95 percent of two banks. The parent company also controls subsidiaries involved in the following activities: real estate holdings; engineering research and manufacturing; real estate development; and life, health and accident insurance underwriting.

American General Insurance Co., Houston, Tex. This one-bank holding company controls the \$925 million Texas National Bank of Commerce, Houston, Tex., and also controls two insurance companies with total assets of approximately \$590 million in the life, fire and casualty insurance fields. In addition, one of these insurance companies has a subsidiary which operates a television channel, an AM radio station and an FM radio station.

American Financial Corp. of Cincinnati, Ohio. This one-bank holding company controls the \$245 million Provident Bank of Cincinnati, Ohio, and is also engaged through its subsidiaries in the construction and development of offices and homes; computer leasing; sale of insurance; the ownership of real estate; the ownership of savings and loan associations; and the underwriting of life insurance.

International Bank of Washington, D.C. This one-bank holding company controls the \$190 million Central National Bank & Trust Co. of Des Moines, Iowa, and, in addition, controls subsidiaries engaged in such activities as the manufacture and sale of sound, acoustical and building materials; finance business; real estate business; communications business; fire and casualty insurance underwriting; manufacture of roofing products; operation of a mortgage company and merchant banking.

Budget Holding Co. of Los Angeles, Calif., controlled by Budget Industries, Inc. of Los Angeles. This holding company complex controls, in addition to the Century Bank of Los Angeles, large casualty, life, accident and health insurance companies, a finance company and a savings and loan association.

United States Finance Co. of Jacksonville, Fla., now known as the Unicapital Corp. In addition to controlling the First National Bank of Cape Canaveral, Fla., this one-bank holding company has subsidiaries engaged in such activities as real estate, finance companies, a furniture retailing chain, gas compression service for oil companies, mortgage originating and servicing activities, and insurance agency activities.

The Charter Co. of Jacksonville, Fla. This one-bank holding company controls the Jacksonville National Bank of Jacksonville, Fla., and also controls subsidiary companies engaged in such activities as title insurance, mortgage banking, insurance agency activities, real estate agent operations, housing construction, owning and operating motels and other real estate, operator of service stations, tire stores and convenience food markets.

TeleAccounting Bureau, Inc., of Cincinnati, Ohio, a subsidiary of Realty Equities Corp. of New York. This one-

bank holding company controls the First National Bank of Harrison, Ohio. In addition, it controls subsidiaries in the following fields: real estate brokerage; savings and loan association operations; industrial and business development; general insurance agency; racetrack owner and operator; motion picture producers; and ownership of hotel and health resorts.

Citizens Finance Corp., Cleveland, Ohio. This one-bank holding company controls the Newark Trust Co. of Newark, Ohio, and, in addition, controls companies which finance home improvements; operate cable television services; manage real estate; furnish data processing services; originate and broker real estate loans; offers mortgage banking, loan servicing and mortgage closing escrow services.

Sterling Precision Corp. of New York. This one-bank holding company controls the Milwaukee Western Bank of Milwaukee, Wis., and in addition controls subsidiaries engaged in land development; manufacture of cutlery blades; operator of finance company; real estate investor; sheet metal fabricators; producer of office supplies; financier of residential home mortgages; and manufacture of office furniture and truck trailers.

The above list of one-bank holding companies indicating their banking, as well as their diverse nonbanking, interests are but 19 of the 239 one-bank, holding companies receiving substantial favoritism from the present grandfather clause in H.R. 6778. The special privileges granted by such an amendment are real and very valuable. The one-bank holding company beneficiaries of these special privileges could, unlike all other regulated bank holding companies, continue to operate and expand to an unlimited degree their present nonbanking, as well as their banking, activities. This is precisely what the Bank Holding Company Act is intended to prevent.

The largest single activity in which recently formed one-bank holding companies are engaged is the insurance agency business. A summary of all identifiable one-bank holding companies engaged in the insurance agency business is found in table 7, which shows a total of 229. Of these 229 one-bank holding companies engaged in the insurance agency business, more than half, or 125, were formed in 19 States in the little more than 4 years between January 1, 1965, and February 17, 1969. The survey was able to identify only 104 one-bank holding companies engaged in the insurance agency business that were created in the 50 years between 1914 and 1964—tables 8 and 9. Therefore, there is a clear and substantial movement of unregulated bank holding companies into the insurance agency business since 1964 as compared to previous periods.

The data collected and presented here clearly show the extent to which any grandfather clause, and particularly one of recent date, favors a special group of one-bank holding companies engaged in a broad range of nonbank activities. This mixing of banking and nonbanking activities would otherwise be illegal under

the Bank Holding Company Act as amended by H.R. 6778. Despite claims to the contrary, the special advantage given by the grandfather clause is not merely theoretical or minor. It has serious practical consequences.

To allow this special interest legislation to pass would create a major breach in the whole concept of banking legislation in this country—that of separating banking from nonbanking activities. It would also create an extremely unfair competitive advantage whereby a few hundred companies could continue to mix and expand their banking and nonbanking activities while both their banking and nonbanking competitors, who are not exempted under the act, would fail to enjoy the same advantage. This is clearly neither in the public interest nor in the best interest of a vast majority of the banking industry or their nonbank competitors.

I would also like to include at this point in the RECORD the tables cited in this statement, along with my statement before the Rules Committee this morning on the holding company issue:

STATEMENT OF CHAIRMAN WRIGHT PATMAN
BEFORE HOUSE RULES COMMITTEE ON H.R.
6778, OCTOBER 21, 1969

As Chairman of the House Banking and Currency Committee, I am appearing before the Rules Committee today to request a rule for H.R. 6778, a bill to amend the Bank Holding Company Act of 1956 and for other purposes.

This bill was considered at length by our Committee in the spring of this year. Seventeen days of public hearings were held between April 15 and May 9, 1969, and the Committee ordered this legislation reported on June 27, 1969. The bill was reported from the Banking Committee on July 23, 1969.

Briefly, this legislation (1) for the first time brings holding companies controlling 25 percent or more of the stock of one bank under the regulation of the Bank Holding Company Act; (2) it changes slightly the definition of activities which bank holding companies may engage from that set forth in the 1956 Act; (3) it prohibits nonbank subsidiaries of bank holding companies from engaging in the insurance agency business, and the underwriting, public sale or distribution of mutual funds; and (4) it permits bank holding companies being brought under regulation for the first time by this legislation to continue to carry on all nonbank activities operated by them prior to February 17, 1969.

This is an extremely important piece of legislation. Its original intention was to plug a serious loophole in the Bank Holding Company Act as passed by Congress in 1956. Congress has for many years gone on record supporting a clear separation of bank and bank-related activities from other business activities. Because of the so-called one bank loophole, corporations which control only one bank can, at the same time, enter any nonbanking activity they wish. In the last three or four years the impetus to subvert the separation of banking from nonbanking through this device has been tremendous.

In terms of bank deposits, most of the growth of unregulated bank holding companies has taken place from 1965 to date. In the 1965 to 1968 period, the number of these unregulated bank holding companies rose by over 200, while the amount of bank deposits in these companies rose by over 600 percent, from \$15.1 billion in 1965 to \$108.2 billion at the end of 1968. This latter figure has

been considerably added to during 1969. Hardly a day goes by when there is not another announcement of the formation of a new one bank holding company. Possibly as much as 40 percent of all commercial bank deposits is now held by one bank holding companies. Among those that have converted to one bank holding company status are 9 of the 12 largest commercial banks in the United States.

While H.R. 6778, as amended and reported by the Banking and Currency Committee, does for the first time bring one bank holding companies under Federal regulation, the bill, as reported, also contains, in the opinion of several members of the Committee, including myself, certain grave deficiencies and omissions which must be corrected by amendment if Congress is to deal with this most serious economic problem in an effective and thorough way. Therefore, a number of amendments will be offered on the Floor concerning these deficiencies. Some of these amendments, I am led to believe, will receive support both from Democratic and Republican members of the Committee.

Perhaps the most glaring deficiency in the bill is the so-called grandfather or forgiveness clause. The basic principle embodied in the Bank Holding Company Act is to completely divorce bank and bank-related activities from all other business activities. The February 17, 1969, grandfather clause in the bill as reported, would reward certain one bank holding companies by permitting them to engage in a large number of nonbank-related activities simply because those who control these companies anticipated that Congress would plug the one bank loophole. Such a grandfather clause is bad for a number of reasons:

It rewards those, for no particular reason, who entered nonbank related businesses prior to the cut-off date in order to avoid regulation.

It creates unfair competition for banks and bank holding companies which would have to compete on unequal terms with those gaining an advantage from the grandfather clause.

It permits a large number of important banking institutions to engage through the holding company device in a substantial number of nonbank-related activities and would, therefore allow them to compete unfairly with nonbank competitors.

Personally, I am opposed to any grandfather clause. The present Act provides for up to a five year period within which the newly regulated holding companies could divest themselves of nonqualifying nonbank activities. In addition, Congress has traditionally permitted such divestiture to take place on a tax free basis, since it is required by change in the law.

However, the Congress did recognize in 1956, when the original Bank Holding Company Act was passed, that there were a substantial number of one bank holding companies operating very small banks in smaller communities which could only be profitable if they were allowed to engage in nonbank activities. Therefore, some contend that a reasonable exemption from the Bank Holding Company Act should be provided for these small, traditional one bank holding companies. It is clear that neither the grandfather date in H.R. 6778, as reported, of February 17, 1969, nor the grandfather date supported by the Administration of June 30, 1968, is necessary to protect these small, traditional one bank holding companies. The principal advantage of these dates is to allow a few large holding companies created between 1965 and 1968 or early 1969 to continue to mix banking and nonbanking activities.

If there must be a grandfather clause, it seems to me that there are two reasonable alternative approaches. One would be to set

the grandfather clause date at January 1, 1965. The reason for this is that the movement of large corporations, both banking and nonbanking, into the one bank holding company field began in 1965. Almost all of the one bank holding companies existing before 1965 were the small, traditional one bank holding companies.

Because of my concern for the special privileges that would be obtained by certain corporations due to such a late grandfather clause as February 17, 1969 or June 30, 1968, I stated in my individual views printed along with the report on H.R. 6778 that I would provide all members of Congress with data concerning the corporations benefiting from that date. The basic findings of this survey are as follows:

A total of 239 one bank holding companies formed on or after January 1, 1965, and carrying on one or more nonbanking activities has been identified.

These 239 one bank holding companies operate 575 nonbank subsidiaries engaged in no less than 124 different nonbank activities.

These 239 one bank holding companies are located in 33 States and the District of Columbia. They operate banks in 31 States, having total deposits of over \$15 billion.

Among the one bank holding companies whose nonbank activities are exempted from divestiture under the proposed grandfather clause are the largest independent finance company in the United States (assets \$3.7 billion); the largest trading stamp company in the United States (assets \$422 million); the 114th and 293d largest industrial companies in the United States (assets \$605 million and \$667 million, respectively); the 6th largest retailing company in the United States (assets \$2.6 billion) and a holding company controlling the 29th largest commercial bank in the United States (deposits \$1.5 billion).

The nonbank activities of these recently created one bank holding companies are likewise spread throughout the United States and are carried on in 33 States and the District of Columbia. The total assets of these companies run into the many billions of dollars.

The nonbank activities of these bank holding companies range over the entire spectrum of business activity, but are heavily concentrated in the following areas: insurance agencies, insurance companies, real estate, various types of credit and finance companies, department stores and retail outlets, and many types of manufacturing concerns.

It is clear from the examination of these detailed data that the basic purpose of this legislation would be substantially defeated by a grandfather clause with a date as late as 1968 or 1969. If we use a date it should be before any major movement toward the use of the one bank holding company loophole by large corporate entities whether centered around bank or nonbank activities.

A second alternative to the problem of the small, traditional one bank holding company would be the use of a so-called asset test. This would exempt from regulation of the Bank Holding Company Act all bank holding companies whose banks had total assets of less than a certain figure and whose nonbank assets were less than a designated amount. One proposal that has received wide comment was made during our hearings on H.R. 6778 by Vice Chairman J. L. Robertson of the Federal Reserve Board. His proposal was to exempt all bank holding companies with banking assets of less than \$30 million and nonbank asset of less than \$10 million.

In some ways this proposal is a better approach to the problem than the use of any cut-off date. Under the asset test, there would be no blanket exemption from the Act as there would be using a date. As soon

as a holding company's bank assets or non-bank assets exceeded the limit prescribed, they would be required to register with the Federal Reserve Board and be subjected to regulation under the Act.

As stated earlier, I am opposed personally to any grandfather clause. However, if it is found necessary to accept a grandfather clause, the best alternatives are either an early date, such as January 1, 1965, or the asset test as proposed by Governor Robertson of the Federal Reserve Board.

It is my understanding that Congressmen Moorhead, Blackburn and Chappell, who are distinguished members of the Banking and Currency Committee, yesterday introduced a bill to amend the Bank Holding Company Act. This bill incorporates many of the amendments suggested in the additional views signed by 12 members of the Committee, including myself. These views appeared along with the report on H.R. 6778. I believe this is a constructive proposal and should be given serious consideration.

TABLE 1.—NUMBER OF 1 BANK HOLDING COMPANIES FORMED ON OR AFTER JAN. 1, 1965, OPERATING NONBANKING SUBSIDIARIES—LISTED BY STATE IN WHICH BANK IS LOCATED

	Number of holding companies	Bank deposits (millions)		Number of holding companies	Bank deposits (millions)
Alabama	5	93.9	Nebraska	33	140.6
Arkansas	2	26.1	New Jersey	2	29.2
California	6	2,447.9	New York	2	1,740.7
Colorado	13	253.9	North Carolina	5	3,412.9
Connecticut	1	318.5	North Dakota	2	7.1
Florida	6	256.4	Ohio	10	510.7
Georgia	1	13.3	Oklahoma	3	5.9
Illinois	16	1,212.3	Rhode Island	4	832.4
Indiana	3	79.3	South Carolina	2	5.5
Iowa	20	394.4	South Dakota	7	25.1
Kansas	21	140.1	Tennessee	2	1,075.9
Kentucky	1	14.1	Texas	13	1,403.0
Louisiana	1	4.5	Wisconsin	7	169.2
Massachusetts	3	154.1	Wyoming	2	4.9
Minnesota	26	201.0			
Missouri	11	154.4	Total (31)	239	15,179.4
Montana	9	52.1			

TABLE 2.—NUMBER OF 1 BANK HOLDING COMPANIES FORMED ON OR AFTER JAN. 1, 1965—LISTED BY HOMESTATE OF BANK HOLDING COMPANY

	Holding companies	Subsidiaries		Holding companies	Subsidiaries
Alabama	5	1	Nevada	1	0
Arkansas	2	3	New Jersey	2	0
California	6	37	New York	7	132
Colorado	11	1	North Carolina	6	18
Delaware	1	2	North Dakota	2	0
Florida	4	92	Ohio	10	77
Georgia	1	13	Oklahoma	3	0
Illinois	13	32	Pennsylvania	1	1
Indiana	3	21	Rhode Island	4	2
Iowa	19	6	South Carolina	1	0
Kansas	22	4	South Dakota	8	0
Kentucky	1	0	Tennessee	2	4
Louisiana	1	0	Texas	13	9
Massachusetts	3	31	Wisconsin	4	3
Minnesota	27	42	Wyoming	2	1
Missouri	11	12	Washington, D.C.	1	25
Montana	8	0			
Nebraska	34	6	Total (34)	239	575

TABLE 3.—Nonbank activities engaged in by 1-bank holding companies formed on or after Jan. 1, 1965

Business credit institutions	8
Insurance companies	41
Insurance agents	120
Holds stock in other banks	7
Personal credit institutions	17
Construction	5
Loans to insurance companies	1
Electrical supplies	6
Real estate	54
Computer services	9
Advertising	3
Commercial loans	1
Savings and loan associations	10
Title insurance	4
Real estate financing	2
Deed trustees	1
Factoring	6
Specialized courier services	3
Agricultural lending	2
Finance companies	10
Retail, variety, and department stores	8
Gas compression service	1
Vacuum machine manufacturer	1
Mortgage company	12
Hotel and motel business	2
Service stations	1

TABLE 3.—Nonbank activities engaged in by 1-bank holding companies formed on or after Jan. 1, 1965—Continued

Labor unions	1
Food markets	8
Small business investments	2
Real estate holding company	3
Food preparations	2
Computer software	1
Exterminating	1
Office building maintenance	1
Inventory service	1
Warehousing and cold storage	3
Manufacturer of industrial equipment	1
Leasing	6
Distributor (industrial)	3
Concrete products	3
Television, radio service, broadcasting, etc.	7
Property management	2
Manufacturer of industrial paint	1
Sand and gravel	1
Metalworking machinery	1
General farms and products	5
Investment institutions	7
Mobile home sales	2
Airlines	1
Travel agency	3
Miscellaneous business services	5

TABLE 3.—Nonbank activities engaged in by 1-bank holding companies formed on or after Jan. 1, 1965—Continued

Trucking	1
Livestock and cattle	9
Restaurant	2
Laundries	1
Drug stores	2
Miscellaneous investing	2
Pizza parlor	1
Private holding company	1
Investment counseling	2
Mutual fund	3
Management consulting service	3
Management of college endowment funds	1
Monuments	1
Steel mills foundaries (aluminum also)	4
Designer of packing equipment	1
Urban and suburban transportation (buslines)	2
Import buying service	1
Manufacture of industrial pipe	1
Quarry	1
Consumer finance	1
Purchasing service	1
Communications	4
Miscellaneous wholesalers	1
Trust company	1
Fiduciary accounts	1
Office furniture	3
Manufacturer of X-ray tubes	1
Manufacturer of special cameras and projection equipment	1
Manufacturer and sale of office machinery	1
Scientific equipment and services	2
Greeting cards and gift wrapping	1
Spinning mill (woolens)	3
Clothing manufacturer	1
Heating equipment	1
Lawnmower manufacturer	1
Fur auction	1
Shoe manufacturer	1
Auto engine testing equipment	1
Optical scanning electrical service	1
Billing service	1
Business school	1
Mortgage holding company	1
Racetrack	1
Motion pictures	1
Health resorts	1
Home improvement loans	1
Escrow services	1
Mutual savings banks	3
Parking garage	1
Ranching	1
Pension fund trustees	1
Manufacturer of cutlery blades	1
Office supplies	1
Manufacturer of truck trailers	1
Musical instruments	1
Book publisher	1
Carpet manufacturer	1
Manufacturer of aircraft and parts	2
Manufacturer of brass bushings and iron parts	1
Producer of special refractories for stainless alloy and carbon steel	1
Oil well	1
Chemicals	1
Export sales	2
Elevator floors and site environment manufacturers	1
Secondary metal smelting	1
Manufacturer of bearings	1
Manufacturer of screws	1
Contract operator of Atomic Energy Commission	1
Processes and refines castor oil	1
Manufacture and sale of building materials	1
Manufacturing and sale of sound equipment	1
Manufacturer of molded plastics	1
Manufacturer of fabricated structural metal products	1
Total (124)	506

TABLE 4.—NONBANKING ACTIVITIES ENGAGED IN BY 1-BANK HOLDING COMPANIES FORMED ON OR AFTER JAN. 1, 1965—LISTED ALPHABETICALLY BY STATE

Name of State	State totals	Business credit institutions	Insurance companies	Insurance agents	Holds stock in other banks	Personal credit institutions	Construction	Loans to insurance companies	Electrical supplies	Real estate	Computer services	Advertising	Commercial loan	Saving and loan association	Title insurance	Real estate financing	Deed trustees	Factoring	Specialized courier service	Agricultural lending	Finance company	Retail, variety, and department stores	Gas compression service
Alabama	8	1	1	1	1	2	1			1													
Arkansas	6	1	1	0					1	1													
California	18		3	1				1		1	1	1	2	1	1	1	1	1			1		
Colorado	13		0	10		1														1			
Delaware	2		1	0					1														
Florida	20		3	0			1			2				2							1	2	1
Georgia	6		0	0							1												
Illinois	27		5	3						3				1				1	1		1		
Indiana	9		1	1						1													
Iowa	32		0	14	2	2				4					1								
Kansas	27		2	15		1				1								1					1
Kentucky	1		0	0						1													
Louisiana	1		1	0																			
Massachusetts	12	1	1	0		1				1											1		
Minnesota	48		1	20		2				3		1						1		1	1	3	
Missouri	17		3	3						2													
Montana	10		1	5						3													
Nebraska	49		3	26		1				7													
Nevada	1		0	0																			
New Jersey	3		1	0	1	1																	
New York	59		1	0		1	1		2	3									1		3	1	
North Carolina	16		0	4						2	2				1					1			
North Dakota	4		0	2						1											1	1	
Ohio	46		6	2		1	1		2	7	3			5									
Oklahoma	3		0	3																			
Pennsylvania	1		0	0		1																	
Rhode Island	5		0	0						1	1												
South Carolina	3	1	0	0		1				1													
South Dakota	14	1	0	7						3													
Tennessee	4		1	0																			
Texas	19	2	2	0	2	2				3				1									
Wisconsin	6		2	2																			
Wyoming	6		0	1		1				1													
Washington, D.C.	10	1	1	0			1			1											1		
Total	506	8	41	120	7	17	5	1	6	54	9	3	1	10	4	2	1	6	3	2	10	8	1

	Vacuum machine manufacturing	Mortgage company	Hotel and motel business	Service stations	Labor unions	Food markets	Small business investment	Real estate holding company	Food preparation	Computer software	Exterminating	Office building maintenance	Inventory service	Warehousing and cold storage	Manufacturing industrial equipment	Leasing	Distributor (industrial)	Concrete products	TV and radio service, broadcasting, etc.	Property management	Manufacturing industrial paint	Sand and gravel	
Alabama																							
Arkansas																							
California															1								
Colorado						1																	
Delaware																							
Florida			2	1	1		1	1	1	1													
Georgia											1	1	1	1									
Illinois		1	1							1					1	1		1	1	1	1	1	1
Indiana			1													1							
Iowa						1			1														
Kansas																							
Kentucky																							
Louisiana																							
Massachusetts																							
Minnesota							1	1									1	1	2	2			
Missouri																							
Montana																							
Nebraska																							
Nevada																							
New Jersey																							
New York			2														1	2					
North Carolina			2											2									
North Dakota																							
Ohio				1													1			1	1		
Oklahoma																							
Pennsylvania																							
Rhode Island																							
South Carolina																							
South Dakota			1																				
Tennessee			1																				
Texas																					1		
Wisconsin																	1				2		
Wyoming																							
Washington, D.C.			1																				
Total		1	12	2	1	1	3	2	3	2	1	1	1	1	3	1	6	3	3	7	2	1	1

TABLE 4.—NONBANKING ACTIVITIES ENGAGED IN BY 1-BANK HOLDING COMPANIES FORMED ON OR AFTER JAN. 1, 1965—LISTED ALPHABETICALLY BY STATE—Continued

	Metalworking machinery	General farms and products	Investment institution	Mobile home sales	Airlines	Travel agency	Miscellaneous business service	Trucking	Livestock and cattle	Restaurant	Laundries	Drugstores	Miscellaneous investing	Pizza parlor	Private holding company	Investment counseling	Mutual fund	Management consultant service	Management of college endowment funds	Monuments	Steel mills and foundries (aluminum also)	Designer of packing equipment	
Alabama																							
Arkansas																							
California																							
Colorado																							
Delaware																							
Florida																							
Georgia																							
Illinois	1	1	1																				
Indiana				1	1																		
Iowa						1	1	1	1	1	1												
Kansas							1		1			1	1	1									
Kentucky																							
Louisiana																1	2	1	1	1			
Massachusetts																							
Minnesota						1	1					1									1	1	1
Missouri			1										1										
Montana									1														
Nebraska		4							5														
Nevada																							
New Jersey																							
New York			1			1																	3
North Carolina																							
North Dakota							1																
Ohio				1															2				
Oklahoma																							
Pennsylvania																							
Rhode Island																							
South Carolina																							
South Dakota			2																				
Tennessee																							
Texas			1							1								1					
Wisconsin																	1						
Wyoming			1				1	1															
Washington, D.C.																							
Total	1	5	7	2	1	3	5	1	9	2	1	2	2	1	1	2	3	3	1	1	4	1	

	Bus lines—urban and suburban transportation	Import buying service	Manufacture of industrial pipe	Quarry	Consumer finance	Purchasing service	Communications	Miscellaneous wholesalers	Trust company	Fiduciary accounts	Office furniture	Manufacturing X-ray tubes	Manufacturing specialized camera and projection equipment	Manufacture and sale of office machines	Scientific equipment	Greeting cards and gift wrapping	Spinning mill (woolens also)	Clothing manufacturers	Heating equipment	Lawnmower manufacturers	Fur auction	
Alabama																						
Arkansas																						
California																						
Colorado																						
Delaware																						
Florida																						
Georgia																						
Illinois																						
Indiana																						
Iowa																						
Kansas																						
Kentucky																						
Louisiana																						
Massachusetts																						
Minnesota			1	1			1	1														
Missouri																						
Montana																						
Nebraska								1	1	1												
Nevada																						
New Jersey																						
New York		1					1				3	1	1	1	1	1	3	1	1	1	1	1
North Carolina																						
North Dakota																						
Ohio																						
Oklahoma																						
Pennsylvania																						
Rhode Island																						
South Carolina																						
South Dakota																						
Tennessee																						
Texas																						
Wisconsin																						
Wyoming																						
Washington, D.C.								1								1						
Total	2	1	1	1	1	1	4	1	1	1	3	1	1	1	2	1	3	1	1	1	1	1

TABLE 5.—1 BANK HOLDING COMPANIES FORMED ON OR AFTER JAN. 1, 1965, WITH INFORMATION ON BANK AND NONBANKING SUBSIDIARIES CONTROLLED BY 1 BANK HOLDING COMPANY (LISTED IN ALPHABETICAL ORDER BY STATE)

Name of 1 bank holding company and location	Name of bank controlled and location	Deposits of bank controlled (millions)	Date holding company formed or bank acquired	Name of subsidiary and location	Total assets of subsidiary (millions)	Date subsidiary acquired	Nature of business	Value of assets of holding company (millions)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
The Gadsden Corp., Gadsden, Ala.	First State Bank, Altoona, Ala.	\$6.0	1965				Business credit institution. Real estate developers.	>\$1.0
Baldwin Insurance Co., Inc., Bay Minnette, Ala.	First National Bank of Bay Minnette, Ala. (Federal Reserve reports Baldwin owns only 23 percent of First National stock.)	10.5	1965				Insurance agents, brokers, and agents.	
North Alabama Investors, Inc., Huntsville, Ala.	Farmers & Merchants Bank, Madison, Ala., merged with and became— First National Bank of Huntsville, Ala., on Sept. 30, 1968.	62.2	1965				Holds stock in other banks. Personal credit institutions.	
Federated Investments, Inc., Opp, Ala.	Capital National Bank, Montgomery, Ala.	8.9	1965				Personal credit institutions. Life insurance.	
Associated Industries of Mobile, Inc., Alabama.	Deposit National Bank of Mobile County, Prichard, Ala.	6.8	Jan. 14, 1969	B. H. Naphis Contractor, Inc.	\$0.5	May 1, 1968	Building contractor.	
Ouachita Valley, Inc., Camden, Ark.	Merchants & Planters Bank, Camden, Ark.	10.8	Sept. 12, 1968				Business credit institutions	1.2
Frank Lyon Co., Inc., Little Rock, Ark.	Twin City Bank, North Little Rock, Ark.	15.3	1968	Twin City Corp., North Little Rock, Ark.		1968	Wholesale electrical goods. Real estate operators and lessors. Insurance agency operated in Twin City Bank.	12.2
				Datamatic Services, Inc.			Computerized accounting service.	
				Martin Advertising, Inc.			Advertising.	
Budget Holding Co., Los Angeles, Calif., controlled by Budget Finance Plan, Los Angeles, Calif., controlled by Budget Industries, Inc., Los Angeles, Calif.	Century Bank, Los Angeles, Calif.	21.9	Sept. 30, 1965	Transnational Insurance Co., Los Angeles, Calif. Transnational Life Insurance Co. Budget Financial Corp. State Savings & Loan Association, Stockton, and Los Angeles, Calif.	126.3	October 1965	Casualty insurance. Life and accident and health insurance. Commercial loans. Savings and loans.	250.1
First Lincoln Financial Corp., Los Angeles, Calif.	Lincoln Bank, Los Angeles, Calif.	12.0	Jan. 11, 1965	D. versified Insurance Agency. Lincoln Title Co.		February 1967	Reinsuring mortgage protection life insurance. Title insurance business as an underwriter title company. Savings and loan.	480.6
				Lincoln Savings & Loan Association.				
				Provident Investment Co., Nevada.		April 1968		
				Lincoln Mortgage Corp.		1968		
				Reliable Title Co.				
				Golden State Investment				
				Allied Escrow Co.				
				Oxford Financial Corp.				
				Trust Deed Sales Co.				
				Provident Mortgage Co., Los Angeles, Calif.	6.9	October 1968	Real estate financing.	
Union Bancorporation, Los Angeles, Calif.	Union Bank, Los Angeles, Calif.	1,485.7	Oct. 30, 1967	Computer Sharing, Inc. Unionamerica Computer Corp., Los Angeles, Calif. Western Mortgage Corp., Los Angeles, Calif.	.7	Oct. 1, 1968	Computer services. Financial data processing services for bank and other subsidiaries. Originating and servicing loans for sale to Metropolitan Life Insurance Co. and others.	1,454.0
				Rampart Investment Co., Los Angeles, Calif.		Apr. 22, 1968	Acts as trustee under deeds of trust.	
				Bond Insurance Agency, Los Angeles, Calif.		Apr. 26, 1968	Independent insurance agency handling diversified insurance portfolios.	
				Irvine Tower Corp.			Investor in real estate development.	
				Swett & Crawford, Los Angeles, Calif.	13.0		Insurance brokers.	
				Harbor Insurance Co., Los Angeles, Calif.			Insurance broker.	
World America Investors Corp. of Calif. subsidiary of World Airways Inc., Oakland, Calif.	1st Western Bank & Trust Co., Los Angeles, Calif.	801.1	June 7, 1968	World Air Center, Inc.			Air courier service.	67.6
National Marine Terminal, Inc.	County National Bank, Orange, Calif., merged with and became— United States National Bank, San Diego, Calif., Aug. 31, 1968.	70.6	1968				Warehousing.	

TABLE 5.—1 BANK HOLDING COMPANIES FORMED ON OR AFTER JAN 1, 1965, WITH INFORMATION ON BANK AND NONBANKING SUBSIDIARIES CONTROLLED BY 1 BANK HOLDING COMPANY (LISTED IN ALPHABETICAL ORDER BY STATE)—Continued

Name of 1 bank holding company and location	Name of bank controlled and location	Deposits of bank controlled (millions)	Date holding company formed or bank acquired	Name of subsidiary and location	Total assets of subsidiary (millions)	Date subsidiary acquired	Nature of business	Value of assets of holding company (millions)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Morris Plan Co., San Francisco, Calif., name changed to Morlan-Pacific, San Francisco, Calif., April 1969.	Commonwealth National Bank of San Francisco, Calif.	\$56.6	Sept. 30, 1967 (FRS Oct. 6, 1967).	Yosemite Insurance Co., San Francisco, Calif.			Fire and casualty insurance.	\$204.1
				Great Falls Insurance Co. Alpine Insurance Service, San Francisco, Calif.		February 1968	Casualty insurance	
				Yosemite Life Insurance Co., Arizona.			Insurance management and claims adjustment company.	
				Parker Wood Co., San Francisco, Calif.			Reinsures credit life and disability insurance.	
				Morris Plan Co. of California.				
				San Francisco Remedial Loan Association.		Oct. 15, 1951		
				City Trust Co., Los Angeles, Calif.		1958		
				Peoples Thrift of California		Sept. 1, 1959	Finance company	
				1st Thrift of California		Mar. 31, 1960	do	
				Mutual Thrift & Loan, Santa Cruz, Calif.		Sept. 1, 1960	do	
Baldwin-Central, Inc., Cincinnati, Ohio (D. H. Baldwin Co., Cincinnati, Ohio).	Central Bank & Trust Co., Denver, Colo.	216.6	July 1, 1968	Harbor Thrift & Loan, Newport Beach, Calif.		June 1, 1962	do	
				Business Factors, Inc., San Jose, Calif.		November 1968	Factoring	
				Empire Savings Building & Loan Association, Denver, Colo.		\$148.7 December 1968	Savings and loan	
				Siliconix, Inc., Sunnyvale, Calif.		1.1 July and December 1968	Manufactures field effect transistors and integrated circuits.	
				Central Insurance Agency		Apr. 1, 1969	Sells credit life insurance to bank customers.	
				Baldwin Piano & Organ Co.			Musical instrument business.	
				Fred Gretsch Co., Inc.			do	
				Canyon Press, Inc.			Publishing business	
				Baldwin Export Corp.			Export business	
							Insurance	.7
Colorado Financial Services, Inc., Eagle, Colo.	First National Bank of Eagle County, Eagle, Colo.	3.1	Jan. 18, 1965 (Mar. 2, 1965 FRS).				do	.4
						8.0 1967		
First Estes Plaza Co., Lincoln, Nebr.	First National Bank, Estes Park, Colo.	3.1	Jan. 18, 1965				Insurance	
						3.9 Nov. 16, 1966		
Earle Brumbaugh Agency, Inc., Fruita, Colo.	Fruita State Bank, Fruita, Colo.	3.1	Jan. 23, 1967				do	.5
Middle Park Agency, Inc., Granby, Colo.	Middle Park Bank, Granby, Colo.	3.1	Jan. 23, 1967				do	.1
Hereford Insurance-Investment Co., Hereford, Colo.	Hereford State Bank, Hereford, Colo.	1.3	Apr. 9, 1968				do	.2
Holyoke Agency, Inc., Holyoke, Colo.	Holyoke Bank & Trust Co., Holyoke, Colo.	1.3	May 12, 1967				Personal credit institution	
Central States SE & SW Area Pension Fund.	Villa National Bank, Jefferson City, Colo., only listing Villa National Bank, Denver, Colo.	6.0	Mar. 7, 1967				Insurance	
Liberty Agency, Inc., Holyoke, Colo.	Kirk State Bank, Kirk, Colo.	1.4	1967				Labor unions	
Greeley-LaSalle Investment Corp., Greeley, Colo.	South Platte National Bank, LaSalle, Colo.	2.9	Apr. 5, 1968			Oct. 9, 1968 (not yet in operation).	Insurance agents, brokers and service.	.6
				South Platte Agricultural Credit Corp., LaSalle, Colo.			Agricultural lending	
Washington Investment Co., Otis, Colo.	First National Bank of Otis, Colo.	3.4	Jan. 26, 1966				Insurance agents, brokers, and service.	.2
Harry A. Lowe Agency, Inc., Ouray, Colo.	Citizens State Bank, Ouray, Colo.	3.5	Oct. 11, 1967				do	.3
Clark Insurance Agency, Inc., Stratton, Colo.	First National Bank, Stratton, Colo.	4.3	Jan. 12, 1967				do	.3
Sperry & Hutchinson Corp., New York, N.Y.	State National Bank of Bridgeport, Conn.	318.5	Oct. 30, 1968	Hens & Kelly, Buffalo		Before 1967	Department store	422.0
				F. N. Arbaugh Co., Lansing, Mich.		do	do	
				Wurzberg Co., Grand Rapids.		do	do	
				S & H Travel Awards, Inc.		March 1964	Travel agency	
				Bigelow, Sanford		81.0 1967	Carpet manufacturer	
				Gunlocke Co., Inc.		14.0 January 1969	Office and industrial furniture manufacturer.	
				Legal Stamp Co., Boston, Mass.		June 1929		
				United States Stamp Co., Toledo, Ohio.		January 1929		
				Stephens Sanford & Sons, Inc., Amsterdam, N.Y.		Nov. 30, 1929		
				Norwood Woolen Mill, Bristol, Va.		February 1947		
				Hartford Rayon Corp.		Nov. 1, 1951		
				Installment Sales Corp. (inactive).				
				Oconee Realty Co., Delaware.				

TABLE 5.—1 BANK HOLDING COMPANIES FORMED ON OR AFTER JAN 1, 1965, WITH INFORMATION ON BANK AND NONBANKING SUBSIDIARIES CONTROLLED BY 1 BANK HOLDING COMPANY (LISTED IN ALPHABETICAL ORDER BY STATE)—Continued

Name of 1 bank holding company and location (1)	Name of bank controlled and location (2)	Deposits of bank controlled (millions) (3)	Date holding company formed or bank acquired (4)	Name of subsidiary and location (5)	Total assets of subsidiary (millions) (6)	Date subsidiary acquired (7)	Nature of business (8)	Value of assets of holding company (millions) (9)
United States Finance Co., Inc., Jacksonville, Fla., now Unicapital Corp., Jacksonville, Fla.	First National Bank of Cape Canaveral, Fla.	\$15.1	Mar. 21, 1967	Acceptance Realty Corp., Florida.				\$102.0
				Dixie Acceptance Corp., Florida.				
				State Financial Corp. (and subsidiaries), Jacksonville, Fla.	\$2.8	February 1968	Finance company	
				Consumers Finance Plan, Inc. (and subsidiaries), Florida.				
				Sterling Discount Corp. (and subsidiaries), Atlanta, Ga.				
				Acceptance Corp. of Florida (and subsidiaries), Orlando, Fla.	3.7	February 1965		
				Community Finance Co. (and subsidiaries), Jacksonville, Fla.	1.5	May 1966	Finance company	
				Great American Management Corp., Delaware.				
				Effingham Finance Co., Claxton, Ga.	.1	May 1966	Finance company	
				Rhodes, Inc. (and subsidiaries), Atlanta, Ga.	34.9	June 30, 1968	Furniture retailing chain	
				Production Operators, Inc., Houston, Tex.	3.0	July 2, 1968	Gas compression service for oil companies.	
				Security Financial Corp., (and subsidiaries), Jacksonville, Fla.	1.7	August 1967		
				Unicapital Corp., Delaware.				
				Park Finance Co., Inc. (inactive).			Inactive	
				All South Mortgage of Montgomery, Inc.		1968		
				Security Acceptance Corp. of Baton Rouge, Inc.		1968		
				Security Acceptance Corp. of Lake Charles, Inc.		1968		
				Security Acceptance Corp. of Lafayette, Inc.		1968		
				Security Acceptance Corp. of Monroe, Inc.		1968		
				Security Mortgage Corp., Jacksonville, Fla.	.1	August 1967	Mortgage originating	
				Consumer Credit Corp., Jacksonville, Fla.	4.8	August 1967	Mortgage servicing	
				American-Standard Insurance Agency, Inc.			Insurance	
				Motor Life Insurance Co., Delaware.			do	
				Rhodes Properties, Inc.		August 1965	Acquires land for parent use	
				All South Mortgage Acceptance Corp., Florida.				
				All South Mortgage Acceptance Corp., Alabama.				
				All South Acceptance Corp. of Greensboro, N.C.		1968		
				All South Mortgage, Inc., Florida.				
				All South Mortgage of Macon, Inc., Georgia.				
				All South Mortgage Brokers, Inc., Florida.				
				All South Mortgage of Georgia, Inc.				
				All South Mortgage of Oklahoma, Inc., Oklahoma.				
				Consumer Credit Corp., Georgia.				
				Consumer Credit Corp. of Albany, Ga.		1968		
				Consumer Credit Corp. of Columbus, Ga.		1968		
				Consumer Credit Corp. of Forest Park, Ga.		1968		
				Consumer Credit Corp. of Marietta, Ga.		1968		
				Consumer Credit Corp. of Savannah, Ga.		1968		
				Security Mortgage Corp., Georgia.				
				Security Mortgage Corp. of Albany, Ga.		1968		
				Security Mortgage Corporation of Columbus, Ga.		1968		
				Security Mortgage Corporation of Forest Park, Ga.		1968		
				Security Mortgage Corporation of Marietta, Ga.		1968		
				Security Mortgage Corporation of Savannah, Ga.		1968		
				Consumers Finance Budget, Inc., Florida.				
				Sun State Acceptance Co., Florida.				
				Consumers, Inc., Florida.				
				Consumers Finance Service, Inc., Florida.				
				Consumers Finance Credit, Inc., Florida.				

TABLE 5.—1 BANK HOLDING COMPANIES FORMED ON OR AFTER JAN 1, 1965, WITH INFORMATION ON BANK AND NONBANKING SUBSIDIARIES CONTROLLED BY 1 BANK HOLDING COMPANY (LISTED IN ALPHABETICAL ORDER BY STATE)—Continued

Name of 1 bank holding company and location	Name of bank controlled and location	Deposits of bank controlled (millions)	Date holding company formed or bank acquired	Name of subsidiary and location	Total assets of subsidiary (millions)	Date subsidiary acquired	Nature of business	Value of assets of holding company (millions)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				Sterling Acceptance Corp., Georgia.		July 1964		
				National Discount Corp. of Florida.		July 1964		
				Discount Loans, Inc., Florida.		July 1964		
				Acceptance Corp. of America (inactive), Florida.				
				Florida Acceptance Corp. (inactive), Florida.				
				Community Finance Co., Georgia.				
				Community Finance Co. of Alma, Ga.				
				Community Finance Co. of Baxley, Ga.				
				Community Finance Co. of Blackshear, Ga.				
				Community Finance Co. of Glennville, Ga.				
				First Confederate Loan Corp., Georgia.				
				Folkston Loan Co., Georgia				
				Security Financial Corp., Georgia.				
				All South Mortgage of Jackson, Inc., Mississippi.				
The Charter Co., Jacksonville, Fla.	Jacksonville National Bank, Jacksonville, Fla.	\$24.3	Dec. 23, 1965	Title Insurance Co. of the South, Inc., Jacksonville, Fla.	\$1.5	April 1966	Title insurance	\$31.6
				Charter Mortgage Co.			Mortgage company	
				Charter Insurance Agency, Inc.			Insurance	
				Charter Investment Co.				
				Charter Real Estate Co.			Real estate	
				International Charter Development Corp.				
				Forsyth Properties, Inc.				
				Pinecrest Development Co.				
				Gaba, Inc.				
				American Florida Homes, Inc.				
				American Shell Homes, Inc.			Construction	
				Charter Commercial & Investment Loan Co., Jacksonville, Fla.	.7	Apr. 1, 1966	Mortgage brokerage	
				Harbor View Apartments, Inc.				
				555 Real Estate Co., Jacksonville, Fla.	3.4	1966	Owns a Holiday Inn and other real estate.	
				Sostex, Inc.	2.4	October 1968	Operates service stations, tire stores, and convenience food markets.	
				Realty Mortgage Co., Birmingham, Ala.	6.0	December 1968	Mortgage banking and service.	
				Kirbo, Mills, & McAlpin, Inc.		May 1962		
				W. M. Mason & Co.		February 1962		
Corporate Trustees, Inc., Huntsville, Ala., merged with Astro-Space Corp., Nev., on Mar. 18, 1969.	Boulevard National Bank of Miami, Fla.	23.5	Aug. 2, 1965				Manufacturing aircraft and parts.	24.7
Atico Financial Corp., Miami, Fla.	Pan American Bank of Miami, Fla.	76.2	Dec. 3, 1965	Commonwealth Land & Title Co., Los Angeles, Calif.	<1.0	Dec. 3, 1965	Title abstracting and insurance.	37.0
				Atico Insurance Agency, Inc., Miami, Fla.	.2	do	Insurance agency	
				Atlantic Investment Funds, Inc., Miami, Fla.	.3	May 18, 1966	Small business investment company.	
				A.T.F. Realty Co., Miami, Fla.	.4	Nov. 12, 1968	Real estate holding company.	
				A.T.F. Investment Corp., Miami, Fla.	1.1	do	Holding residual assets of Commercial Assurance Co. of America.	
				Kentucky Bar Title Insurance Co.		March 1966	Title insurance	
				Title Insurance Co. of Pennsylvania.		July 1966	do	
				Washington Security Co., Miami, Fla.		August 1963		
				Continental Insurance Co. of New York, N.Y.				
Lykes Financial Corp., Dover, Del.	First National Bank in Palm Beach, Fla.	89.9	Oct. 28, 1965	Electric Products Corp., New Orleans, La.	0.5	Aug. 1, 1967	Life insurance, wholesale electrical goods.	28.8
				Lykes Insurance Management Co., New Orleans, La.	.2	August 1965	Insurance	
Paradise Fruit Co., Inc., Plant City, Fla.	Capital National Bank of Tampa, Fla.	27.4	October 1965	R. C. McAtew Co., Inc., Ripley, N.Y.	.4	July 31, 1966	Producing candied fruits, and mixes.	6.7
				Sun-Ripe Fruit Products, Inc., Winter Haven, Fla.	Nominal	Sept. 1, 1967	Producing candied fruits, and mixes (inactive).	

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)				
Gulf Finance Corp., Atlanta, Ga.	Roswell Bank, Roswell, Ga.	13.3	October 1966	Wilkes Finance Corp., Georgia.	\$0.4	Mar. 3, 1966	Finance company					
				Vann Finance Corp., Georgia.	.3	Apr. 28, 1967	do					
				Tindol Service, Inc., Georgia.	.2	Jan. 8, 1968	Exterminating and office building maintenance.					
				Gulf Finance Corp. of Columbia, Miss.	.01	Oct. 25, 1967	Finance company					
				Mann Finance Co., Georgia.	.2	Sept. 20, 1967	do					
				Tapley Finance Co., Georgia.	.2	Feb. 8, 1968	do					
				Town Finance Co., Hattiesburg, Miss.	.02	Feb. 7, 1969	do					
				Gulf Finance Co. of Thomson, Ga.	.1	June 5, 1968	do					
				Delta Computer Systems, Inc., Georgia.	.03	Aug. 13, 1968	Computer software					
				Count Down Inventories Services, Inc., Florida.	.03	February 1969	Inventory service					
				Tri-State Systems, Inc., Georgia.	.4	Sept. 27, 1968	Advertising, billboards					
				Sun Finance Corp., Mississippi.	.03	Nov. 18, 1968	Finance company					
				State Finance, Inc., Mississippi.	.01	February 1966	do					
											Insurance	\$9.0
Chicago City Bancorporation, Chicago, Ill. Bankers Utilities Corp., Chicago, Ill.	Chicago City Bank & Trust Co., Chicago, Ill. District National Bank of Chicago, Ill.	121.8	Dec. 20, 1967	Bankers Dispatch Corp. of Indiana.			Specialize courier service	6.8				
				Bankers Dispatch Corp. of Colorado.		1965	do					
Gray Line Corp., New York, N.Y.	Gateway National Bank of Chicago, Ill.	12.3	1966	Bankers Dispatch Corp. of Massachusetts.		1967-68	do					
				Apollo Unicorp Inc.		1967-68	do					
				Three-L Corp.		1965	do					
				Mid-American Air Transportation.		1965	Specialize courier services					
				Air Carrier, Inc.		1967-68	do					
				International Air Carrier Service, Inc.		1967-68	do					
				Thomas H. Enright Co.		1965	do					
				Fifth Ave. Coach Lines Inc., New York, N.Y.			Miscellaneous investing institutions.	2.0				
				Surface Transit, Inc.			Bus transportation					
				Westchester St. Transit Corp.			do					
				V.I.P. Metered Transportation Corp.			do					
				National Lead Co., New York, N.Y.	Lake View First Savings Bank, Chicago, Ill.	295.9	Jan. 15 1969	Borne-Chemical, Co. Landover Md.	1.5	Mar. 22 1965	Manufactures cast acrylic sheeting.	605.9
								Aluminum Match Plate Corp., Kenmore, N.Y.	.4	Dec. 10 1965	Manufactures aluminum castings.	
								Amos Thompson Corp. Edinburg, Ind.	11.6	Aug. 23 1967	Manufactures molded plastics, wood veneer, and lumber.	
Cockpaine Foundry, Inc. York, Pa.	.4	Feb. 26, 1968	Manufactures aluminum, bronze, and brass sand castings.									
Edgar, Plastics Kaolin Co., Edgar, Fla.	2.0	Sept. 16, 1968	Manufactures kaolin clay and glass sand.									
Bunting Brass & Bronze Co., Toledo Ohio.	7.9	July 26, 1968	Manufactures bronze bushings and bars, special sintered bronze, and iron parts.									
Synrox, Inc., Cincinnati, Ohio.	.1	Sept. 13 1968	Produces specialty refractories for manufacture of stainless alloy and carbon steel.									
McCullough Tool Co., Houston, Tex.	7.0	July 1969	Oil well drilling and logging.									
American Bearing Corp., Indianapolis, Ind.												
Amos Molded Plastics of Illinois, Inc.												
Frank Percell Walnut Lumber Co.			Lumber company									
Excel-Mold, Inc.												
Amos-Thomson of North Carolina, Inc.												
Edinburg Development Co., Inc.			Real estate									
Ancor Screw Products Co., Los Angeles, Calif.		1955										
Baroid Sales Export Corp., Houston, Tex.												
Baroid Chemicals, Inc.												
Cobalt Nickel Production Co. (inactive).												
Doehler-Jarvis Corp., Toledo, Ohio.		Feb. 28, 1953	Die castings									
Enenco, Inc., Missouri.												
Evans Lead Corp. (inactive), Charleston, W. Va.												
Floating Floors, Inc., New York.		1962	Elevated floors and site environment systems.									
Goldsmith Bros. Dental Co., Chicago, Ill.		Apr. 6, 1959										
Master Metals, Inc., Cleveland, Ohio.			Smelts secondary metals.									

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				Metallurgical & Chemical Corp. (inactive).				
				Sayre & Fisher Land Co., New Jersey.				
				Magnus Metal Corp., New York, N.Y.			Railway car journals and diesel locomotive bearings.	
				National Lead Co., Inc., Delaware (inactive).				
				Southern Screw Co., Statesville, N.C.		1955	Wooden metal screws.	
				National Lead Co. of Ohio			Contract operator, Atomic Energy Commission.	
				Radio Baroid, Inc.				
				Ridge Machine Co.				
				Titanium Pigment Corp., New York, N.Y.			Distributes titanium pigments and oxide pigments.	
				Titanium Pigment Export Corp.				
				Titanium Metal Corp. of America, Henderson, Nev.			Titanium metal sponge ingot and mill products.	
				United Lead Co. (inactive).				
				Charles Taylor's Sons Co., Cincinnati, Ohio.		1951	Manufactures refractories.	
				National Lead Co. of Hawaii, Ltd.				
				Nickel Processing Co. of New York.				
				Baker Castor Oil Co.		1949	Processes and refines Castor oil.	
				Baker Castor Oil Co. of California.			do	
				Baker Castor Oil Co. of Texas.			do	
				Morris P. Kirk & Son, Inc., Los Angeles, Calif.			Manufactures lead alloys and oxides and Kirksite "A" die metal.	
				Pioneer Aluminum of California.			Aluminum aircraft extrusions and aluminum tooling plate.	
				R-N Corp., New York, N.Y.			Direct reduction and beneficiation of iron ore.	
				Edna Brass Manufacturing Co.		1943	Manufacturers of locomotive specialties.	
				Plastomatic Corp., Malvern, Pa.		1959	By-product company.	
				Sayre Electronics Corp.			Electronics manufacturing.	
				Aglite Corp. of America.				
General American Transportation Corp., Chicago, Ill.	LaSalle National Bank, Chicago, Ill.	\$401.5	Nov. 19, 1968	Fuller Co.	\$40.8	1954	Manufacturers industrial equipment.	\$667.9
				GATX Booth Corp.	95.0	January 1968	Equipment leasing (jets, railroad cars, etc.).	
				General American Pfaunder Corp.				
Montgomery Ward & Co., Inc., Chicago, Ill.	Pioneer Trust & Savings Bank, Chicago, Ill.	203.0	Mar. 1, 1966	Montgomery Ward Life Insurance Co., Chicago, Ill.	7.1	May 11, 1966	Group insurance policy for employees.	2,618.0
				Hydro Conduit Corp., Orange, Calif.	33.4	Aug. 1, 1967	Producer of large diameter concrete pipe.	
				Rocky Mountain Prestressed, Inc., Englewood, Colo.	2.2	Jan. 1, 1968	do	
				Craftsman Construction Co., Inc., Englewood, Colo.	.6	do	do	
				Vulcan Materials Co., Birmingham, Ala.		Jan. 15, 1968	Concrete pipe and block plant.	
				Hoffman Products Corp.		1968	TV receivers and phonographs.	
				Monwar Property Corp., Dover, Del.	1,000.00	Dec. 16, 1968	Property management.	
				Montgomery Ward, Chicago, Inc., Chicago, Ill.		1964	Operate catalog store in Chicago.	
				Standard T Chemical Co., Inc.			Manufacturers industrial paints and finishes.	
				Associated Sand & Gravel Co., Everett, Wash.	6.6	May 29, 1968	Sand and gravel and concrete block, etc.	
				J. W. Peters & Sons, Inc., Burlington, Wis.	1.4	Jan. 31, 1969		
				The Fair, Inc.	1,000.00	Jun. 21, 1967	Name holding company.	
				Montgomery Ward Credit Corp.		Feb. 15, 1960	Finance deferred payment accounts of Company. (factoring).	
				M. W. Properties Corp.				
				Montgomery Ward Realty Corp.		1960	To acquire land to lease to parent.	

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American Steel & Pump Co., New York, N.Y., subsidiary of BSF Co., Delaware, subsidiary of Defiance Industries, Inc., Ohio.	University National Bank, Chicago, Ill.	\$25.3	1966	Moody's Industrial (Mar. 1, 1967, FRS).			Summit Steel Corp., Worcester, Mass. Huron Steel Co., Inc., Detroit, Mich. East Texas Steel Castings Co., Inc., Longview, Tex. Southwest Precision Casting Co., Inc., Claremore, Okla. Webb Metal Products Co., Tulsa, Okla. Bright Steel Corp., Jersey City, N.J. Fitzsimons Steel Co., Inc., Youngstown, Ohio.	Steel manufacturers do do do do do do	\$17.3
Backlund-White, Inc., Dunlap, Ill.	Glasford State Bank, Glasford, Ill.	2.9	1965				Insurance	<1.0	
St. Clair Investment Co., Inc., Ottawa, Kans.	Bank of Mascoutah, Mascoutah, Ill.	6.1	Jan. 1, 1967				Life insurance	<1.0	
Nathan Hale Investment Corp.	Plaza Drive-In Bank, Norridge, Ill.	18.0	Aug. 23, 1968				do	3.0	
Backlund Investments, Inc., Dunlap, Ill.	State Street Bank & Trust Co., Quincy, Ill.	16.7	Nov. 19, 1966				Insurance agents, brokers, and services.	<1.0	
Marissa Management Corp., Marissa, Ill.	Gallatin County State Bank, Ridgeway, Ill.	3.9	July 1, 1968				Real estate operators and lessors.		
Diversified Discount & Acceptance Corp., Minneapolis, Minn., merged with Acceptance Corp. on June 30, 1969.	River Forest State Bank & Trust, River Forest, Ill.	23.3	Aug. 26, 1966				Personal credit institutions	6.7	
Atwood Vacuum Machine Co., Rockford, Ill.	Central National Bank & Trust Co., Rockford, Ill.	39.1	June 5, 1967	Home Savings & Loan Association, Wauatem, Ill. Central National Realty Co., Rockford, Ill. Centra. National Insurance Agency, Inc., Rockford, Ill. Central National Mortgage Co., Rockford, Ill.	\$18.8 5 <1.0 1	June 5, 1967 Apr. 29, 1968 do do	Savings and loan association. Real estate Insurance Buys and sells mortgages	25.4	
Snow Manufacturing Co., Bellwood, Ill.	Hawthorne Bank, Wheaton, Ill.	13.1	1968				Metalworking machinery and equipment.		
First Wyonet Investment Corp.	First National Bank of Wyonet, Ill.	2.7	Mar. 31, 1969	E. E. Williams Ins. Agency	.05	Feb. 1, 1969	General insurance group		
Owner's Discount Corp., Elkhart, Ind.	Valley Bank & Trust Co., Mishawaka, Ind.	19.4	Jan. 4, 1966	Owners Discount Corp. of Goshen, Ind. Owners Discount Corp. of Nappanee, Ind. Owners Discount Corp. of South Bend, Ind. Owners Discount Corp. of Warsaw, Ind. Owners Discount Corp. of Rochester, Ind.			Discounting installment and notes received, collateralizing by conditional sales contracts, and making direct installment small loans in amounts up to \$7,500.	8.1	
Vernon Finance Corp.	First National Bank of North Vernon, Ind.	6.7	Jan. 30, 1969	Michiana Life Insurance Co. Capital Indemnity Co. Insurance Investments, Inc. Vernon Fire & Casualty Insurance Co.		September 1956 Dec. 31, 1962 do Oct. 31, 1968	Life insurance Underwriter casualty insurance. Real estate investments Fire and casualty insurance.		
American Investment Co. of South Bend, Inc., South Bend, Ind.	American National Bank & Trust, South Bend, Ind.	53.2	Dec. 9, 1965	American Affiliates of South Bend, Inc., South Bend, Ind. Alpha Airlines, Inc., South Bend, Ind. American Leasing Co. of South Bend, Inc., South Bend, Ind. American Realty of South Bend, Inc., South Bend, Ind. Main & Washington, Inc., South Bend, Ind. Price Mobile Homes of Elkhart, Inc., Elkhart, Ind. Price Mobile Homes of Gary, Ind. Price Mobile Homes of South Bend, Ind. Riley Mobile Homes of Fort Wayne, Ind. Riley Mobile Homes of Kokomo, Ind. Riley Mobile Homes of Newark, Ohio. American Affiliated Life Insurance Co., Phoenix, Ind.	2.2 3.4 2.2 3.4 .5 .4 .4 .4 1.0 1.0 1.0	Dec. 27, 1965 Feb. 25, 1969 Apr. 17, 1969 Aug. 23, 1966 May 1, 1968 Dec. 28, 1965 Feb. 7, 1969 Mar. 18, 1969 Oct. 18, 1966 do Oct. 13, 1966	Supervision of mobile home sales and purchase of contracts of such sales. Commuter air service for area. Leasing company Real estate holding company. Real estate holding company for joint ventures. Mobile home sales do do do do Life insurance	6.8	
United America Investment Co., Mason City, Iowa.	First State Bank, Britt, Iowa.	7.7	Apr. 1, 1966				Holds stock in other banks. Insurance agents, brokers, and services. Arrangement of transportation. Real estate operators and lessors.	1.1	

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Lodwick Danbury Co., Des Moines, Iowa.	Farmers Savings Bank, Danbury, Iowa.	\$2.1	Jan. 3, 1966				Insurance agents, brokers and services.	\$1.0
Ruan Financial Corp., Des Moines, Iowa.	Bankers Trust Co., Des Moines, Iowa.	130.9	Feb. 15, 1965				Miscellaneous business services.	
International Bank, Washington, D.C.	Central National Bank & Trust, Des Moines, Iowa.	189.7	Jan. 16, 1967	Globe Industries, Inc., Chicago, Ill.	\$8.2	January 1967	Trucking	50.4
				Tico Associates, Inc., Decatur, Ala.		Sept. 11, 1968	Manufacture and sale of sound and acoustical materials and sale of building material.	
				J. B. McCrory Co., Inc., Atlanta, Ga.		1968	Scientific and technical contract services.	
				First National Bank Building, Washington, D.C.			do	
				Beacon Building Products Co., Inc.			Building products.	
				Seaway Building Products Co., Inc.			do	
				Associated Management, Inc., District of Columbia.	1,000.00	July 1968	Management business.	
				Financial Distributors, Inc.				
				Tico Associates, Inc., Atlanta, Ga.	2.2	September 1968	Holding company construction and engineering.	
				J. B. McCrory Engineering Corp., Atlanta, Ga.		1968		
				Trans American Communications, Inc.			Communications.	
				Mid-West Communications, Inc.			do	
				Officers Finance Plan, Inc., Silver Spring, Md.			Finance company.	
				International Agency, Inc., Silver Spring, Md.				
				First Insurance Finance Co., Des Moines, Iowa.			Insurance	
				International Land Corp., Washington, D.C.			Real estate	
				Financial Security Corp.		June 20, 1969	Holding company for fire and casualty insurance companies.	
				International of Washington, Inc.				
				Aeon International Corp., New York, N.Y.				
				Globe Roofing Products Co., Inc., Chicago, Ill.	6.6	Oct. 2, 1967	Roofing products.	
				Financial Mortgage Corp.			Mortgage company.	
				American Installment Credit Corp.				
				National Insurers & Credit Corp., Des Moines, Iowa.	21.8	June 1969	Holding company and insurance and finance.	
				Associated Life Companies, District of Columbia.	7.1	do	Holding company and insurance.	
				Intermediate Credit Corp., District of Columbia.	23.7	do	Merchant banking	
Wisco, Inc., Maquoketa, Iowa	First State Bank, Diagonal, Iowa.	2.5	July 5, 1968				Insurance, agents, brokers and services.	<1.0
First Building Corp. of Eldora, Eldora, Iowa.	First National Bank, Eldora, Iowa.	4.5	June 21, 1967				do	<1.0
							Real estate, operative builders.	
Iowa National Investment Co., Dubuque, Iowa.	Epworth Savings Bank, Epworth, Iowa, changed title and location: Key City Bank & Trust Co., Dubuque, Iowa.	3.0	Mar. 1, 1966	Iowa National Industrial Loan Co.		1966	Personal credit institution.	1.0
				Iowa National Livestock Corp.		1966	Buying and selling of cattle.	
				Fast Foods, Inc., Dubuque, Iowa.	.04	June 23, 1969	Franchise restaurant.	
Fayette Investment Co., Mason City, Iowa.	State Bank, Fayette, Iowa.	2.4	Oct. 1967				Insurance.	
Goose Lake Investment, Inc., Goose Lake, Iowa.	Goose Lake Savings Bank, Goose Lake, Iowa.	2.5	Sept. 6, 1967				Insurance agents, brokers and services.	<1.0
Humboldt Realty and Insurance Co., Inc., Humboldt, Iowa.	First National Bank, Humboldt, Iowa.	10.5	do				do	<1.0
							Real estate agents, brokers and managers.	
Zabel Enterprises, Inc., Lenox, Iowa.	First National Bank, Lenox, Iowa.	6.8	June 28, 1968				Insurance agents, brokers, and services.	<1.0
Nora Springs Investment Co., Inc., Charles City, Iowa.	First State Bank, Nora Springs, Iowa.	3.6	Oct. 6, 1967				do	<1.0
Bankers Equity Corp., Des Moines, Iowa, subsidiary of Investors Equity of Iowa, Inc., Des Moines, Iowa.	Palo Savings Bank, Palo, Iowa.	1.5	Mar. 11, 1968	Real Estate Investments, Inc., Des Moines, Iowa.	.7	May 1965	Purchasers real estate collateral papers (mortgage business).	2.6
				Investors Mortgage & Finance Co., Des Moines, Iowa.	.1	April 1969	Real estate financing for parent firm.	
				Interstate Equity, Inc., Des Moines, Iowa.	.01	November 1968	Lease holding company.	
Riceville Investment Co., Charles City, Iowa.	First National Bank, Riceville, Iowa.	2.7	Dec. 6, 1967				Insurance agents, brokers, and services.	<1.0
Pioneer Development Co., Sioux City, Iowa.	Pioneer Valley Savings Bank, Sergeant Bluff, Iowa.	1.4	May 10, 1965				do	<1.0
Easters, Inc., Des Moines, Iowa.	Farmers Trust & Savings Bank, Spencer, Iowa.	10.2	January 1966				Grocery stores.	2.1
							Laundries, cleaning, and dyeing.	
Miller Co., Tipton, Iowa.	First National Bank of Tipton, Iowa.	4.6	Sept. 1, 1965				Personal credit institutions.	<1.0
							Real estate operators and lessors.	
Ventura Investment Co., Mason City, Iowa.	Ventura State Bank, Ventura, Iowa.	2.3	Jan. 9, 1968				Holds stock in other banks.	<1.0

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Williams Security Insurance Agency, Inc., Williams, Iowa.	Williams Savings Bank, Williams, Iowa.	\$2.8	Jan. 3, 1966				Insurance agents, brokers, and services.	<\$1.0
Tri-County Insurance Agency, Inc., Zearing, Iowa.	Tri-County Bank, Zearing, Iowa.	2.7	Dec. 7, 1967				do.	<1.0
Bedene Insurance Agency, Inc., Arma, Kans.	First State Bank, Arma, Kans.	1.8	Mar. 20, 1968				do.	.1
Exchange Bankshares Corp., Atchison, Kans.	Exchange National Bank, Atchison, Kans.	20.7	May 3, 1968				Insurance.	.7
Berco, Inc., Salina, Kans.	Bennington State Bank, Bennington, Kans.	4.6	Dec. 1, 1967				Insurance agents, brokers, and services.	.3
Morrow and Keeling, Inc., Chanute, Kans.	Bank of Commerce, Chanute, Kans.	15.7	Mar. 17, 1965				Drugstores.	1.3
Danehower Realty Corp., Chanute, Kans.	First National Bank of Chanute, Kans.	14.5	Mar. 3, 1966				Insurance agents, brokers, and services.	.6
Educators Investment Co. of Kansas, Inc., Wichita, Kans. (Emporia, Kans., FRS).	Citizens National Bank of Emporia, Kans., now: Citizens National Bank & Trust Co., Emporia, Kans.	30.4	July 14, 1965	Educators Finance, Inc., Emporia, Kans.	\$0.2	July 14, 1965	Loans to schoolteachers.	2.0
				Citizens Agriculture Credit Corp., Inc., Emporia, Kans.	.2	Mar. 15, 1968	Endorses and sells discounted notes (factoring).	
The Glen Elder Agency, Inc., Glen Elder, Kans.	Traders State Bank, Glen Elder, Kans.	2.0	Aug. 9, 1967				Insurance agents, brokers, and services.	.2
							Miscellaneous investing institutions.	
Nemaha Investing Co., Inc., Goff, Kans.	First National Bank of Goff, Kans.	1.2	Jan. 1, 1966				Insurance agents, brokers, and services.	.09
Colt Investment, Inc., Prairie Village, Kans.	Hartford State Bank, Hartford, Kans.	.9	June 1, 1967				do.	.07
Consolidated Insurance, Inc.	Consolidated State Bank, Hill City, Kans.	4.8	1967				Insurance.	
L. H. Co., Inc., Leoti, Kans.	Farmers State Bank, Ingalls, Kans.	1.6	Aug. 23, 1967				Department stores.	.5
Citizens Insurance Agency, Inc., Jewell, Kans.	Citizens State Bank, Jewell, Kans.	2.5	Nov. 1, 1966				Livestock.	
							Insurance agents, brokers, and services.	.1
							Miscellaneous business services.	
Full Service Insurance, Inc., Harston-La Crosse, Kans.	Home State Bank, La Crosse, Kans.	2.5	Jan. 11, 1966				Insurance agents, brokers, and services.	.1
Texas Land & Equities, Inc.	First National Bank of Olathe, Kans.	13.1	Nov. 9, 1968	T.L.E. & W., Inc.	.7	Jan. 26, 1968	Shakey's Pizza Parlor.	
People Savings, Inc., Ottawa, Kans.	Peoples National Bank of Ottawa, Kans.	11.7	Dec. 30, 1968	Ottawa Savings & Loan.	19.3	Dec. 30, 1968	Stock savings and loan association.	
John Herbin, Inc., Jamestown, Kans.	Randall National Bank, Randall, Kans.	1.2	May 20, 1968				Insurance agents, brokers, and services.	.3
Dunmire Insurance Agency, Inc., Spring Hill, Kans.	State Bank of Spring Hill, Spring Hill, Kans.	3.4	1965				do.	.07
Boyce Insurance, Inc., Strawn, Kans.	Strawn State Bank, Strawn, Kans.	2.1	Jan. 2, 1968				Insurance agents, brokers, and services.	.2
Sylvia Insurance Agency, Inc., Sylvia, Kans.	Sylvia State Bank, Sylvia, Kans.	1.1	Apr. 22, 1968				do.	.1
First WaKeeney Agency, Inc., WaKeeney, Kans.	First National Bank, WaKeeney, Kans.	3.1	Nov. 3, 1967				do.	.3
Wakefield Agency, Inc., Wakefield, Kans.	Farmers & Merchants State Bank, Wakefield, Kans.	1.2	May 10, 1965				do.	
							Real estate agents, brokers, and managers.	
Turson, Inc., Scottsville, Ky.	Farmers National Bank of Scottsville, Ky.	14.1	1967 (Bank acquired before 1965).				Real estate operators and lessors.	1.0
Expressway Insurance Agency, Inc., New Orleans, La.	Fidelity Bank & Trust Co., Slidell, La.	4.5	Sept. 29, 1965				Insurance agents, brokers, and services.	<1.0
Barclay Ltd., Inc., Boston, Mass.	Barclay Bank & Trust Co., Boston, Mass.	8.2	1967	JSA Financial Corp., Boston, Mass.	3.6	1967	Business credit institution.	2.4
The Boston Co., Inc., Boston, Mass.	Boston Safe Deposit & Trust, Boston, Mass.	122.4	May 1965	Mortimer & Walling Securities Corp.		Mar. 2, 1959	Private holding company.	20.7
				Loomis & Kennedy, Inc., Seattle, Wash.	.1	1965	Investment counseling.	
				Bailey & Rhodes, Los Angeles, Calif.	.2	1965	do.	
				Boston Co. of Texas, Houston, Tex.	<1.0	1966	do.	
				Henderson-Boston Co., Inc., San Francisco, Calif.	.6	May 1967	do.	
				Forrester Associates, Inc.		September 1967	do.	
				Douglas T. Johnston & Co., New York, N.Y.	.5	May 1967	do.	
				Johnston Mutual Fund, Inc., New York, N.Y.	125.5	1967	No load, diversified, open-end fund.	
				Todd-Boston Company, Inc., Louisville, Ky.	<50,000.00	November 1967	Investment counseling.	
				John W. Bristol & Co., Inc., New York, N.Y.	.3	1968	Management of college endowment funds and charitable foundations.	
				Boston Company Investment Counsel, Inc., Boston, Mass.	<50,000.00	September 1968	Investment counseling.	
				Rienfort-Boston Associate, Inc., New York, N.Y.	.4	1967	do.	
				Boston Counseling Group, Inc., Boston, Mass.			Management consulting service.	
				Boston Co. Real Estate Counsel, Inc., Boston, Mass.	<50,000.00	August 1968	Investment counseling.	
Kane Financial Corp., Boston, Mass.	Garden City Trust Co., Newton, Mass.	23.5	1968					

TABLE 5.—1 BANK HOLDING COMPANIES FORMED ON OR AFTER JAN. 1, 1965, WITH INFORMATION ON BANK AND NONBANKING SUBSIDIARIES CONTROLLED BY 1 BANK HOLDING COMPANY (LISTED IN ALPHABETICAL ORDER BY STATE)—Continued

Name of 1 bank holding company and location	Name of bank controlled and location	Deposits of bank controlled (millions)	Date holding company formed or bank acquired	Name of subsidiary and location	Total assets of subsidiary (millions)	Date subsidiary acquired	Nature of business	Value of assets of holding company (millions)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(Subsidiary of CNA Finance Corp., Chicago, Ill.)				CNA Financial, assets \$3,204,600,000 (Dec. 31, 1968).			Insurance, etc.	
				General Finance Corp., Evanston, Ill.		July 31, 1968		
				Tsai Management & Research Co.		Aug. 16, 1968		
				Continental Casualty Co.				
				Continental Assurance Co.				
				CNA Realty Corp.				
				CNA Investor Services, Inc.				
				National Fire Insurance Co. of Hartford.				
				Wacker Corp., Illinois				
				Great Lakes Discount Corp., Buffalo, N.Y.		September 1958		
				General Finance or GFC, Loan Offices.				
				Mid-State Insurance Co., Illinois.		1941		
				Mid-States Life Insurance Co. of America, Orlando, Fla.				
				American Casualty Co., Reading, Pa.		Oct. 28, 1962		
				Valley Forge Insurance Co.				
				Valley Forge Life Insurance Co.				
				Aces, Inc.				
Medelco, Inc., Rochester, Minn.	Sterling State Bank, Austin, Minn.	\$8.1	1965				Insurance agents, brokers and services.	<\$1.0
First National Agency of Bagley, Inc., Bagley, Minn.	First National Bank of Bagley, Bagley, Minn.	5.7	1965				Radio and TV broadcasting.	<1.0
Balaton Agency, Inc., Balaton, Minn.	Farmers and Merchants State Bank, Balaton, Minn.	4.0	1967				Insurance agents, brokers, and services.	<1.0
							do.	
First National Agency of Baudette, Inc., Baudette, Minn.	First National Bank of Baudette, Baudette, Minn.	5.5	1965				Insurance agents, brokers, and services.	<1.0
The Bellingham Corp., Minneapolis, Minn.	State Bank of Minnesota, Bellingham, Minn.	1.1	1966				do.	<1.0
Dassel Investment Co., Minneapolis, Minn.	Dassel State Bank, Dassel, Minn.	4.7	1965				do.	
Delano Granite Inc., Delano, Minn.	State Bank of Delano, Delano, Minn.	4.3	1967				Miscellaneous retail stores.	2.0
Elgin Investment Co., Inc., Elgin, Minn.	Elgin State Bank, Elgin, Minn.	1.9	1965				Insurance agents, brokers, and services.	<1.0
Farmers Investment Corp., Eyota, Minn.	Farmers State Bank of Eyota, Minn.	2.0	1965				do.	
Citizens State Agency of Fulda, Inc., Fulda, Minn.	Citizens State Bank of Fulda, Minn.	7.4	1966				do.	<1.0
CS, Inc., Harmony, Minn.	Harmony State Bank, Harmony, Minn.	4.1	1966				do.	
Himle Agency, Inc., Hayfield, Minn.	Citizens State Bank, Hayfield, Minn.	4.2	1968				do.	<1.0
							Miscellaneous business services.	
Oppegard Agency, Inc., Hinckley, Minn.	Farmers & Merchants State Bank, Hinckley, Minn.	3.1	1968				Insurance agents, brokers, and services.	<1.0
Hitchcock Industries, Inc., Minneapolis, Minn.	First National Bank of Lakeville, Minn.	3.5	1966	Caco, Inc., Lakeville, Minn.	\$0.01	1967	Nonferrous foundries.	5.0
							Real estate developers.	
							Distributor of industrial supplies.	
				Kenetic Engineering, Inc., Lakeville, Minn.		Inactive 1967	Designer of packing equipment.	
Mankato Stone Co., Inc., Mankato, Minn.	National Bank of Commerce, Mankato, Minn.	21.4	1967				Miscellaneous retail stores.	2.0
Klorsel Corp., Minneapolis, Minn., subsidiary of Minnesota Equities Corp. (assets —\$5,000,000).	Franklin National Bank, Minneapolis, Minn.	13.4	1968				Insurance agents, brokers, and services.	5.0
Kanabec Credit Co., Inc., Mora, Minn.	Kanabec State Bank, Mora, Minn.	12.0	1968				Agricultural credit institutions.	1.0
							Insurance agents, brokers, and service.	
							Real estate agents, brokers and managers.	
Minnesota Enterprises, Inc., Minneapolis, Minn.	Olmstead County Bank & Trust, Rochester, Minn.	35.1	1966				Urban and suburban transportation and investments.	28.5
Kimberly Leasing Corp., Inc., Rush City, Minn.	State Bank of Rush City, Rush City, Minn.	4.5	1966				Insurance agents, brokers and service.	<1.0
Poe Investment Co., Inc., Minneapolis, Minn.	Farmers & Merchants State Bank, Sacred Heart, Minn.	3.3	1965 (1967 FRS).				do.	
Gamble-Skogmo, Inc., Minneapolis, Minn.	Gambles Continental State Bank, St. Paul, Minn.	12.5	1968	Alden's, Inc., Chicago, Ill.		December 1964	Operates mail-order catalog sales units.	613.5
				Gregg's Department Stores, Lima, Ohio.		January 1965	Department stores.	
				Founders, Inc.		Jan. 5, 1966	Holding company and variety stores and women's apparel chains.	
				Gamble-Skogmo Securities, Inc.		August 1966		
				Al Paley Buying Service of New York.		September 1966	Purchasing service.	
				J. M. McDonald Co., Hastings, Nebr.		Apr. 14, 1968	Operator retail department stores.	

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Name of 1 bank holding company and location	Name of bank controlled and location	Deposits of bank controlled (millions)	Date holding company formed or bank acquired	Name of subsidiary and location	Total assets of subsidiary (millions)	Date subsidiary acquired	Nature of business	Value of assets of holding company (millions)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
				Gamble Aldens Finance Co., Chicago, Ill.			Purchases mail-order receivables from Alden's, Inc.	
				Gamble Alden Life Insurance Co., Minneapolis, Minn.			Offers life insurance and insures customer credit accounts.	
				Gamble Alden Securities, Inc., Minneapolis, Minn.			Markets Gamble Alden Life Insurance and subordinated income notes of the parent company.	
				Gamble Development Co., Minneapolis, Minn.		1967	Develops and leases real estate.	
				Gamble Skogmo Acceptance Corp., Minneapolis, Minn.			Purchases installment receivables from the parent company and its franchised dealers.	
				Gamble Holiday Travel Services, Minneapolis, Minn.		1968	Provides business and vacation travel services to general public.	
				Gambles Import Corp., Burbank, Calif.			Performs corporate import buying service.	
				Red Owl Stores, Inc., Hopkins, Minn.		July 1, 1967	Operates foodstores and services franchised foodstores.	
				Snyder's Drug Stores, Inc., Hopkins, Minn.		do	Operates Snyder's drug stores.	
				General Outdoor Advertising, Inc.			Advertising.	
				Cussins & Fearn Co., Inc.				
				Clark's Gamble Corp.				
				Retailer's Growth Fund, Inc.				
				Small Business Investment Co.		1962	Small business investment company.	
				Gamco Departments, Inc.		July 1962	Department stores.	
				Crownco Dept., Inc.		do	do	
				Adams St. Realty Co., Inc.			Real estate.	
				Apex Distributing Co.				
				Area Wide Communication, Inc.			Communication.	
				F. M. Stamp Co.				
				Farmdale Co. in Colorado, Illinois, and Minnesota.				
				Food Town Stores, Inc.				
				Hopkins Realty Co.			Real estate.	
				Lakeland Grocery Co. (inactive).			Grocery company.	
				Radio Suburbia, Inc.				
				Rodgers & Clarke Realty Co.			Real estate.	
				Signal Co.		Nov. 1, 1962		
				Three Star Stamp Co.				
				Intercorporate Finance Co., Inc.			Finance company.	
				Eisen Mercantile, Inc., Kansas City, Mo.				
				KRSI Radio Station, Minneapolis, Minn.		Mar. 10, 1961	Radio broadcasting.	
				WJAX Radio Station, Yankton, S. Dak.		1965	do	
				Food Town Supermarkets, Inc., Pittsburg, Kans.		Mar. 1, 1966	Foodstores.	
				WEBC Radio Station, Duluth and Superior Area.		1966	Radio broadcasting.	
				Gamble Department Stores, Inc., Chicago, Ill.		1962	Department stores.	
Plaza Agency, Inc., St. Cloud, Minn.	Plaza Park State Bank of St. Cloud, Minn. Changed to Plaza Park State Bank, Waite Park, Minn., on May 21, 1969.	\$7.1	December 1968				General insurance agency.	
Sheet Metal Workers Local 76 Credit Union, St. Paul, Minn. (credit union owns 18 percent of bank) FRS.	Phalen Park State Bank, St. Paul, Minn.	2.0	1968				Personal credit institutions.	
Malcar Holding Co., Inc., Chicago, Ill.	First National Bank, Sleepy Eye, Minn.	9.3	1967				Insurance agents, brokers, and service.	
First National Agency of Wadena, Inc., Wadena, Minn.	First National Bank, Wadena, Minn.	7.5	1968				do	<\$1.0
Clear Lake Agency of Waseca, Inc., Waseca, Minn.	First National Bank of Waseca, Minn.	13.3	1966				do	<1.0
Labahr Sloan, Inc., Blackwater, Mo. (sold entire bank holdings to Silvey Corp., Columbia, Mo., Jan. 7, 1969.)	Farmers State Bank, Blackwater, Mo.	1.6	1967	Tri-State Insurance Co., Tulsa, Okla.	\$11.7		Real estate operators and lessors.	
				Midwestern Insurance Co., Tulsa, Okla.	2.1	1956-68	Fire and casualty insurance.	
				New America Life Insurance Co.	1.3	1965	Life, accident, and health insurance.	
				Kim Management & Insurance Co., Inc.		1965		
Consumers Money Order Corp., St. Louis, Mo.	Farmers Bank of Emden, Emden, Mo.	.5	1967				Telephone communications.	
Coronado Financial Corp., Kansas City, Mo.	Mid-Continent National Bank, Kansas City, Mo.	14.0	May 6, 1966	Mid-Continent Bank Building Co., Kansas City, Mo.	1.9	May 6, 1966	Real estate operators and lessors.	1.7
Feeney Insurance Agency, Inc.	Peoples Bank of Kansas City, Kansas City, Mo.	16.7	Feb. 1, 1968				Holds title to bank building.	
							Insurance agents, brokers, and service.	.7
							Miscellaneous investing institutions.	

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Stupp Brothers Bridge & Iron Co., St. Louis, Mo.	LeMay Bank & Trust Co., LeMay, Mo.	\$48.9	Oct. 28, 1966	Stupp Corp., Baton Rouge, La.		Oct. 28, 1966	Manufacture industrial pipe etc. Miscellaneous investing institution. Manufacturing fabricated structural metal products.	
Marshfield Investment Co., Inc., Marshfield, Mo.	Citizens State Bank, Marshfield, Mo.	10.0	1967				Insurance agents, brokers, and service.	<\$1.0
Continental Bancshares Corp., St. Louis, Mo.	Peoples State Bank, Richmond Heights, Mo.	9.5	July 12, 1966	Mid-Continent Concrete Co., Springfield, Mo. Tri-Continental Leasing Co., Clayton, Mo.	\$0.2	Dec. 13, 1968	Ready mix concrete	
State Bank & Trust Co. of Wellston, Wellston, Mo.	First Northwest Bank, St. Ann, Mo.	21.1	1965	State Insurance Consultant, Inc., St. Louis, Mo. Paramount National Life Insurance Co., Phoenix, Ariz.	.06	Sept. 12, 1967	Insurance—sales and consultants. Life insurance.	120.0
Thor Realty Co., Inc., Cleveland, Ohio.	Smithton Bank, Smithton, Mo.	1.7	1965				Insurance agents, brokers, and service.	<1.0
Mid-American Bancorp., Inc., Smithville, Mo.	Citizens Bank of Smithville, Smithville, Mo. (new name Citizens Bank & Trust Co.)	4.5	May 10, 1968				do	.5
A.B.C.O. Management Corp., Springfield, Mo.	Southern Missouri Trust Co., Springfield, Mo.	25.9	Dec. 9, 1968	Concrete Co. of Springfield, Mo. Conco Quarries, Inc., Springfield, Mo. Mid-Continent Concrete Co., Springfield, Mo.	1.4	Dec. 13, 1968	Ready mix concrete	
					.5	do	Quarry	
					.3	do	Ready mix concrete	
Bozeman Holding Co., Inc., Bozeman, Mont.	Security Bank & Trust Co., Bozeman, Mont.	22.7	1967				Insurance agents, brokers and service.	2.0
Security, Inc., Butte, Mont., subsidiary of Dargmek Realty Co., Butte, Mont.	Security Bank, Butte, Mont.	5.7	1968				do	
Jackass Creek Land & Livestock Co., Ennis, Mont.	First Madison Valley Bank, Ennis, Mont.	1.5	1966				Livestock	
Antler Land Co., Billings, Mont.	Little Horn State Bank, Hardin, Mont.	4.2	1966				Real estate	
Lincoln Corp., Rapid City, S.D.	Lincoln Security Bank, Libby, Mont.	2.7	1966				do	
Robert Agency, Inc., Roundup, Mont., wholly-owned subsidiary of Woodbury Investment Corp., Roundup, Mont.	Miners and Merchants Bank, Roundup, Mont.	6.6	1968				Insurance agents, brokers, and service.	<1.0
Con-West, Inc., Stevensville, Mont.	First State Bank, Stevensville, Mont.	3.5	November 1967				Insurance	
Mineral County Investment Agency, Inc., Superior, Mont.	First State Bank of Mineral County, Superior, Mont.	2.6	1968				Real estate	
Hansen Lawrence Agency, Inc., Worden, Mont.	Farmers State Bank, Worden, Mont.	2.6	June 1965				Insurance agents, brokers and service.	<1.0
Commercial Investment Co., Ainsworth, Nebr.	Commercial National Bank, Ainsworth, Nebr.	6.7	Aug. 4, 1967				do	.6
Wells Enterprises, Inc., Bartley, Nebr.	State Bank of Bartley, Bartley, Nebr.	1.6	Sept. 1, 1967				do	.2
1st Group, Inc., Beatrice, Nebr.	Blue Springs State Bank, Blue Springs, Nebr.	2.1	July 1, 1966				do	.3
Tri-State Ins. Agency, Inc., Kimball, Nebr.	Kimball County Bank, Bushnell, Nebr.	1.6	1965				Insurance	
Central Grain, Inc., Central City, Nebr.	Farmers National Bank, Central City, Nebr.	3.6	Jan. 5, 1968				Wholesale farm products, raw materials.	.3
Clearwater Enterprises, Inc., Clearwater, Nebr.	Citizens State Bank, Clearwater, Nebr.	1.8	Apr. 1, 1966				Livestock	.3
Cozad Elevators, Inc., Cozad, Nebr.	First National Bank in Cozad, Nebr. (holds bank building title)	7.2	Aug. 12, 1968	Midwest Banco Corp., Cozad, Nebr.	.04	Aug. 12, 1968	Insurance agents, brokers, and service. Wholesale farm products, raw materials. Miscellaneous wholesalers.	1.2
Hoff Investment Corp., Lisco, Nebr.	Dalton State Bank, Dalton, Nebr.	2.0	June 29, 1968				Insurance agents, brokers, and services.	.3
Decatur Agency Co., Decatur, Nebr.	Citizens State Bank, Decatur, Nebr.	1.9	June 1, 1968 (June 1, 1967 F.R.S.)				do	.2
Midstate Insurance Agency & Management, Inc., Elm Creek, Nebr.	Elm Creek State Bank, Elm Creek, Nebr.	1.9	Sept. 29, 1967				do	.2
Nebraska Bankshares, Inc., Farnam, Nebr.	Farnam Bank, Farnam, Nebr.	1.5	Jan. 2, 1968				Real estate	
Woodstock Land & Cattle Co., Fullerton, Nebr.	Fullerton National Bank, Fullerton, Nebr.	3.1	July 2, 1966				Insurance agents, brokers, and service. Livestock	.2
Byla Company, Inc., Gibbon, Nebr.	Exchange Bank, Gibbon, Nebr.	3.7	Jan. 1, 1965 (Jan. 1, 1961 F.R.S.)				Insurance agents, brokers, and service. Livestock	.3
Gresham Company, Inc., Gresham, Nebr.	Gresham State Bank, Gresham, Nebr.	1.7	1968 (Dec. 27, 1967 F.R.S.)				do	.2
Hardy Insurance Agency, Inc.	Hardy State Bank, Hardy, Nebr.	.9	Apr. 20, 1967 (F.R.S.)				do	.1
Indianola Agency, Inc., Indianola, Nebr.	Bank of Indianola, Indianola, Nebr.	1.5	Apr. 15, 1968				Insurance agents, brokers, and service.	.2
Circle Management Co., Inc., Kearney, Nebr.	Platte Valley State Bank & Trust, Kearney, Nebr.	14.3	Jan. 9, 1965	Guarantee Trust Co., Kearney, Nebr.	.3	July 3, 1968	Trust companies, non-deposit. Life insurance. Fiduciary accounts.	.9

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Farmers & Merchants Investment Co., Lincoln, Nebr.	Union Bank & Trust Co., Lincoln, Nebr.	\$13.6	1966	Dorchester Insurance Agency, Lincoln, Nebr.	\$0.01		Insurance agents, brokers, and service.	\$0.9
				Southeast Lincoln Insurance Agency, Lincoln, Nebr.	.1		Real estate operators and lessors.	
							Insurance agents, brokers, and service.	
							Real estate operators and lessors.	
Packers Management Co., Omaha, Nebr.	Packers National Bank, Omaha, Nebr.	17.6	Feb. 25, 1969	Packers Management Insurance Agency, Inc.	.02	Sept. 1, 1968	General insurance agency	
O'Neill Properties, Inc., O'Neill, Nebr.	First National Bank of O'Neill, Nebr.	5.1	June 1, 1965				Insurance agents, brokers, and service.	1.0
							Real estate operators and lessors.	
Howard Huff, Inc., Ord, Nebr.	Security State Bank, Oxford, Nebr.	1.9	Oct. 25, 1965				Insurance agents, brokers, and service.	.3
Farmers Insurance Agency	Bank of Panama, Panama, Nebr.	.8	Jan. 31, 1968				do.	.1
Clarke, Inc.	Clarke Bank, Papillion, Nebr.	5.8	Dec. 1, 1966				Insurance agents, brokers, and services.	1.0
Pawnee County Bancshares, Milford, Nebr.	Pawnee County Bank, Pawnee City, Nebr.	2.7	Apr. 21, 1967	Pawnee County Insurance Agency, Pawnee City, Nebr.	.01	Dec. 31, 1968	do.	.4
Pickrell, Inc., Beatrice, Nebr.	Pickrell State Bank, Pickrell, Nebr.	1.7	Feb. 3, 1965				do.	.1
Platt Valley Cattle Co.	Ravenna Bank, Ravenna, Nebr.	5.9	1968				Livestock	
Howard County Land & Cattle Co., Inc., Grand Island, Nebr.	Citizens National Bank, St. Paul, Nebr.	3.7	1968				do.	
Tereco, Inc., Silver Creek, Nebr.	Farmers State Bank, Silver Creek, Nebr.	1.3	Dec. 31, 1968				Real estate	
							Insurance agents, brokers, and service.	.2
							Real estate operators and lessors.	
Stamford Banco, Inc., Stamford, Nebr.	Stamford Bank, Stamford, Nebr.	2.0	July 13, 1968				Insurance agents, brokers, and service.	.2
Security Insurance Agency, Inc., Superior, Nebr.	Security National Bank, Superior, Nebr.	6.4	1968 (12-30-55 FRS)				do.	.3
Tekamah Agency Co., Inc., Tekamah, Nebr.	First National Bank, Tekamah, Nebr.	9.5	Jan. 9, 1968				Real estate agents, brokers, and managers.	
Dinsdale Bros., Inc., Palmer, Nebr.	First National Bank of Wisner, Nebr.	4.3	Feb. 15, 1965				Insurance agents, brokers, and service.	.6
							Field crops	.2
Wolbach Insurance Agency, Inc., Wolbach, Nebr.	Peoples State Bank, Wolbach, Nebr.	1.2	Jan. 1, 1965				Wholesale farm products, raw materials.	
							Insurance agents, brokers, and service.	.2
Motor Finance Corp., Westfield, N.J.	First National Bank of Dunellen, N.J.	13.8	Oct. 4, 1965				Holds stock in other banks.	6.8
							do.	
Peoples Federal Corp., Edgewater, N.J.	Edgewater National Bank, Edgewater, N.J.	15.4	Apr. 7, 1966				Fire, marine, and casualty insurance.	
CIT Financial Corp., New York, N.Y.	National Bank of North America, New York, N.Y.	1,460.0	1965	CIT Corp.			Personal credit institutions	
				William Iselin & Co., Inc., New York.			Financing, factoring, and leasing.	3,734.2
				Service Fire Insurance Co., New York.			Insurance	
				Service Casualty Co., New York.			do.	
				CIT Educational Buildings, Inc.			Constructs and leases permanent dormitories and dining halls for educational institutions.	
				All-Steel Equipment, Inc., Aurora, Ill.	36.7	Jan. 18, 1966	Office furniture and electrical equipment.	
				Quality Adjustment Services, Inc.			Servicing automobile insurance companies.	
				Dunlee Corp., Bellwood, Ill.		April 1968	Manufacturing X-ray tubes	
				Commercial Investment Trust, Inc., New York.		Apr. 26, 1945		
				Merchantile Acceptance Co., Chicago, Ill.		Apr. 26, 1945		
				Insurers Exchange Corp., New York.		do.		
				Tuition Plan, Inc.		June 1955		
				Picker X-Ray Corp. (new Picker Corp.) Cleveland, Ohio.		August 1948	Manufacture and sale of radiological equipment and accessories.	
				North American Co. for Life & Health Insurance.				
				CIT Service Leasing Corp.		September 1958	Fleet leasing of business cars and trucks.	
				Home Finance Service, Inc., Alabama, Louisiana, Mississippi, and Georgia.		June 6, 1969	Personal loan company	
				CIT Leasing Corp.		1969	Leasing machine tools and other industrial equipment.	
				Family Finance, Indianapolis, Ind.		July 11, 1962		
				Time Finance Co., Kentucky, Illinois, Indiana, Ohio, Tennessee, Virginia, and West Virginia.		June 5, 1963	Consumer finance company	

TABLE 5.—1 BANK HOLDING COMPANIES FORMED ON OR AFTER JAN 1, 1965, WITH INFORMATION ON BANK AND NONBANKING SUBSIDIARIES CONTROLLED BY 1 BANK HOLDING COMPANY (LISTED IN ALPHABETICAL ORDER BY STATE)—Continued

(1) Name of 1 bank holding company and location	(2) Name of bank controlled and location	(3) Deposits of bank controlled (millions)	(4) Date holding company formed or bank acquired	(5) Name of subsidiary and location	(6) Total assets of subsidiary (millions)	(7) Date subsidiary acquired	(8) Nature of business	(9) Value of assets of holding company (millions)
				Meinhard Commercial Corp., New York.		January 1, 1964		
				Gibson Greeting Cards, Inc., Cincinnati, Ohio.		March 1964	Greeting cards, party goods, gift wrappings.	
				Cleo-Wrap Corp., Memphis, Tenn.		1964	Manufacturing gift wrapping.	
				North American Accident Insurance Co. of New York.			Insurance	
				Universal CIT Credit Corp.	<1.0	Feb. 11, 1966	Personal loans	
				Time Finance Co. of Chattanooga No. 1, Chattanooga, Tenn.	2.0	do	do	
				Time Finance Co. of Chattanooga No. 2, Chattanooga, Tenn.				
				Vertex Development Corp., Huntington Station, N.Y.	<1.0	Oct. 7, 1966	Manufacture of specialized camera and projection equipment for medical and industrial application.	
				Data Acquisition Corp., North Haven, Conn.	<1.0	Dec. 1, 1966	Manufacture and sale of desk top computers.	
				Laurentide Finance Corporation of California and Subsidiaries San Francisco, California.	64.9	Mar. 16, 1967	Personal loans	
				Picker Chromatography Corporation North Haven, Conn.	<1.0	Apr. 14, 1967	Manufacture and sale of scientific equipment and research instruments. ¹	
				Picker Electronics, Inc., Longmont, Colo.	<1.0	July 31, 1967	Manufacture and sale of medical ultrasonic equipment for diagnostic purposes.	
				Picker Industrial Western, Inc., San Francisco, Calif.	<1.0	Nov. 28, 1967	Distribution of X-ray equipment. ²	
				Sicular X-Ray Company, Inc., San Francisco, Calif.	1.5	do	Distribution of X-ray equipment. ²	
				Home Finance Service Co., Inc., Bremen, Ga.	<1.0	Feb. 16, 1968		
				Home Finance Service Co., Inc., Cornelia, Ga.	<1.0	do	Personal loans	
				Home Finance Service Co., Inc., Milledgeville, Ga.	<1.0	do	do	
				Home Finance Service Co., Inc., Sandersville, Ga.	<1.0	do	do	
				Home Finance Service Co., Inc., Statesboro, Ga.	<1.0	do	do	
				Home Finance Service Co., Inc., Swainsboro, Ga.	<1.0	do	do	
				Picker Chemicals, Inc., Cherry Hill, N.J.	<1.0	May 1, 1968	Manufacture of photographic chemicals.	
				Picker Briggs Corp., Cleveland, Ohio.	<1.0	Oct. 15, 1968	Manufacture and sale of hospital communications systems.	
Standard Prudential Corp., New York, N.Y.	Sterling National Bank & Trust, New York, N.Y.	\$280.7	Nov. 8, 1968	Standard Financial Corp.	.02	August 1960	Commercial and mortgage financing.	
				Templon Spinning Mills, Inc.		September 1965	Spinner and dyer of yarns	
				Fabrics by Joyce, Inc.		December 1964	Printing and finishing unfinished fabrics.	
				Yuba Industries, Inc.		Oct. 1, 1967	Designing and manufacturing of heaters, valves and heating equipment.	
				Southland Mowers Co., Inc. New York Auction Co. Division.	5.0	August 1967	Lawnmower manufacturer	
				Eastland Shoe Corp.	5.0	July 1968	Shoe manufacturer	
				United Communications, Inc.	1.4	June 1967	Installation of communication systems.	
Wake Insurance Agency, Inc., Fuquay Varina, N.C.	Southern Bank & Trust Co., Mount Olive, N.C.	13.1	1965				Insurance agents, brokers and service, Miscellaneous investing institutions.	<\$1.0
NCNB Corp., North Carolina	North Carolina National Bank, Charlotte, N.C.	1,112.1	Nov. 4, 1968	NCNB Properties Inc.	26.5	November 1968	Hold bank premises	
				NCNB Mortgage Corp.	23.2	December 1968	Mortgage banking	
				American Commercial Agency.	1.1	Jan. 12, 1969	General insurance	
The Southern National Corp., Lumberton, N.C.	Southern National Bank of North Carolina, Lumberton, N.C.	132.5	Dec. 31, 1968	Williams & McLean Insurance Services.	.02	Jan. 19, 1969	Owns 4 general insurance agencies.	
				Farm Products Development Corp.	.01	do	Experimental and demonstration farms.	
				Southern National Farm Product Development Corp.				
First Union National Bank Corp., Charlotte, N.C.	First Union National Bank of North Carolina,	827.2	May 8, 1968	First Courier Corp.		July 29, 1968	General courier services, data processing.	
				House of Rothchild's Cheques, Inc.		Aug. 8, 1968	Specially check sales college towns.	
				Guardian Credit Corp.		Dec. 9, 1968	Finance company	
				First Computer Services, Inc.		Nov. 19, 1968	Computer services, sales and rentals (not activated).	
				Scotland Insurance Agency		September 1968	General insurance agency	
				First Commercial Finance Corp.	5.0	Nov. 6, 1968	Heavy equipment financing	
				Charlotte Cold Storage, Inc.	1.4	Jan. 15, 1968	Cold storage warehouse	
				Real Estate Consultants of the South, Inc.		November 1968	Real estate consultant	

Footnotes at end of table.

TABLE 5.—1 BANK HOLDING COMPANIES FORMED ON OR AFTER JAN. 1, 1965, WITH INFORMATION ON BANK AND NONBANKING SUBSIDIARIES CONTROLLED BY 1 BANK HOLDING COMPANY (LISTED IN ALPHABETICAL ORDER BY STATE)—Continued

Name of 1 bank holding company and location	Name of bank controlled and location	Deposits of bank controlled (millions)	Date holding company formed or bank acquired	Name of subsidiary and location	Total assets of subsidiary (millions)	Date subsidiary acquired	Nature of business	Value of assets of holding company (millions)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
The Wachovia Corp., Winston-Salem, N.C.	Wachovia Bank & Trust Co., Winston-Salem, N.C.	\$1,328.0	Dec. 31, 1968	Wachovia Services, Inc.	\$0.01	Dec. 31, 1968	Computer services	
				Wachovia Mortgage Co.	.03	do.	Mortgage banking	
				Wachovia Insurance Agency	1.0	do.	General insurance	
Columbus Corp., Columbus, N. Dak. (purchased by DPS Corp., Columbus, N. Dak., in 1968).	Columbus State Bank, Columbus, N. Dak.	1.1	1966 (1968 FRS).	North Carolina Title Co.	.01	do.	Sells title insurance	
							Insurance agents, brokers, and service.	<\$1.0
H.O.M.E., Inc., Steele, N. Dak.	Bank of Steele, Steele, N. Dak.	6.0	1968				do.	<1.0
American Financial Corp., Cincinnati, Ohio.	Provident Bank, Cincinnati, Ohio.	245.7	Aug. 18, 1966	American Insurance Agency, Erlinger, Ky.		1967	General insurance agency.	\$ 280.6
				Rubenstein Construction Co., Phoenix, Ariz.		Jan. 6, 1969	Construction and development of offices and homes.	
				R.P.R. Construction Co., Phoenix, Ariz.		do.	Construction and development.	
				American Computer Leasing Corp., Cincinnati, Ohio.		January 1968	Computer leasing—nationwide.	
				One East Fourth, Inc., Cincinnati, Ohio.		1968	Owns building used by bank.	
				Three East Fourth, Inc., Cincinnati, Ohio.		1968	Owns real estate—not used for banking.	
				Finance Leasing Co., Cincinnati, Ohio.		1967	To finance 1 leasing operation.	
				R.P.R. Enterprises Co., Phoenix, Ariz.		Jan. 6, 1969	Construction and development.	
				American Computer Services Corp., Cincinnati, Ohio.		1968	Writes programs for computer users and leasers.	
				Hunter Savings Association, Cincinnati, Ohio.			Savings institution.	
				American Home Savings Association, Cincinnati, Ohio.			do.	
				Dempsey & Siders Agency, Inc., Cincinnati, Ohio.				
				United Liberty Life Ins. Co., Cincinnati, Ohio.			Insurance	
				American Financial Leasing Co., Cincinnati, Ohio.			Leasing	
				Finaco, Inc., Ohio.				
Dixie Terminal Building Complex, Cincinnati, Ohio.								
Western Southern Life Insurance Co., Cincinnati, Ohio.	Southern Ohio Bank, Cincinnati, Ohio.	78.0	Apr. 8, 1968	Southern Ohio Investment Co.			Owns bank building—Insurance	1,685.3
				St. Clair Savings Association, Cleveland, Ohio.	94.3	Jan. 3, 1967	Savings and loan association.	201.4
Capital Bancorporation, Cleveland, Ohio (subsidiary of Electronics Capital Corp., as of January 1969).	Capital National Bank, Cleveland, Ohio.			Bates & Springer, Inc., Cleveland, Ohio.	.7	Sept. 1, 1967	Property management company.	
				City Maintenance Co., Cleveland, Ohio.				
				Winston Mobile Homes, Inc., Double Springs, Ala.		March 1969	Manufacturing mobile homes.	
				Cypress Communications Corp., Pacific Palisades, Calif.	14.5		Auto engine testing equipment.	
				Darcy Industries, Inc., Santa Monica, Calif.	2.1		D.C. power supplies: digital voltmeters.	
				Ultronix, Inc., Grand Junction, Colo.			Electrical components.	
Mahoning Associates, Inc., Youngstown, Ohio.	Continental Bank, Continental, Ohio.	5.9	Apr. 1, 1968				Real estate lessors and operators.	1.1
							Optical scanning electronic service.	1.1
Community National Corp., Columbus, Ohio (now Computadata, Inc., Columbus, Ohio, May 16, 1969).	Community National Bank of Flushing, Ohio.	4.0	Feb. 27, 1968	CompuScan Input Services, Dayton, Ohio.	.2	Dec. 24, 1968	Doctor's billing service	
				CompuDATA, Inc., Akron, Ohio.	32,000.00	Jan. 3, 1969	Business school	
				CompuTech, Inc., Columbus, Ohio.		Oct. 21, 1968	Electronic service	
				Lecto-Data, Inc., Akron, Ohio.	86,000.00	Jan. 4, 1969	Mortgage holding company for following subsidiary.	
				Banassurance Agency, Columbus, Ohio.	.1	June 1969	Insurance	
				Ohio Indemnity Co., Columbus, Ohio.	1.3	June 1969	Real estate brokerage	8.0
				Mal-Realty Co., Cincinnati, Ohio.	.2	Nov. 15, 1968	Savings and loan association.	
Buckeye Savings & Loan, Cincinnati, Ohio.	38.6		do.					
TeleAccounting Bureau, Inc., Cincinnati, Ohio (subsidiary of Ohio Valley Financial Corp., Cincinnati, Ohio, subsidiary of Realty Equities Corp. of New York, New York, N.Y.).	First National Bank of Harrison, Ohio.	5.5	Nov. 15, 1966	First Ohio Savings and Loan Association, Cincinnati, Ohio.	16.3		Savings and loan association.	
				Sanbury Savings and Loan Association, Sanbury, Ohio.	21.4		Industrial and business development.	
				Trans Ohio Development Corp., Cincinnati, Ohio.			General insurance	
				Eves-Fischer Ins. Agency, Inc., Cincinnati, Ohio.				
				Eastern Racing Association, Inc.	5.4	Jan. 6, 1969	Suffolk Downs Racetrack, Boston, Mass.	
				Highland Films, Inc.		January 1968	Motion picture producer.	
				White House Inns, Inc.			Owners and operators of hotel properties.	

TABLE 5.—1 BANK HOLDING COMPANIES FORMED ON OR AFTER JAN. 1, 1965, WITH INFORMATION ON BANK AND NONBANKING SUBSIDIARIES CONTROLLED BY 1 BANK HOLDING COMPANY (LISTED IN ALPHABETICAL ORDER BY STATE)—Continued

Name of 1 bank holding company and location (1)	Name of bank controlled and location (2)	Deposits of bank controlled (millions) (3)	Date holding company formed or bank acquired (4)	Name of subsidiary and location (5)	Total assets of subsidiary (millions) (6)	Date subsidiary acquired (7)	Nature of business (8)	Value of assets of holding company (millions) (9)
				Larry Paskon's Harbor Island Spa, West End, N.J.		November 1968	Health resort	
				Essex House, New York, N.Y.		December 1968	Hotel (45-story)	
				Brokerage Coverage Corp. Realty Equities Management Corp.				
				Avonice Investing Co.				
Fidelity Loan & Investment Corp., Pittsburgh, Pa.	Morristown Bank, Morristown, Ohio.	\$1.2	June 1, 1965	Coin Loan Corp., Pittsburgh, Pa.	\$8,245.00	Jan. 4, 1965	Personal credit institutions.	\$0.5
The Greater Ohio Corp.	First National Bank in Mount Gilead, Ohio	8.2	July 2, 1968	Greater Ohio Management & Research Corp.	10.2	Oct. 25, 1968	Management consultants and research.	
				Greater Ohio Life Ins. Co.	1.0	Apr. 13, 1967	Life insurance company	
				Greater Ohio Realty Co.	18.8	Sept. 7, 1967	Real estate broker	
				Greater Ohio Casualty Agencies.	5.0	Sept. 9, 1968	Underwriter-casualty insurance.	
Citizens Financial Corp., Cleveland, Ohio.	Newark Trust Co., Newark, Ohio.	43.3	June 29, 1967	Central States Financial Corp., Cleveland, Ohio.		December 1966	Modernization loans and improvement loans.	111.0
				Towers Antenna, Inc., Coshockton, Ohio.		December 1968	Cable television services	
				Certified Management Consultants, Inc., Cleveland, Ohio.		January 1968	Real estate management to investors and investor group.	
				Champion Service Corp., Cleveland, Ohio.		December 1965	EDP services	
				NFM, Inc., Cleveland, Ohio.	10,000.00	November 1968	Investment management company for mortgage trustees.	
				First Advisory Corp., Columbus, Ohio.		January 1966	Advisory company on mortgages.	
				Mid-States Mortgage Co., Columbus, Ohio.		June 1965	Originates and brokers real estate loans.	
				Ohio Western Financial Corp., Cleveland, Ohio.		March 1966	Inactive at present	
				Citizens Savings & Loan Co., Painesville, Ohio.			Real estate loans and federally insured savings.	
				Almour Securities, Inc., Cleveland, Ohio.			Mortgage banking and loan servicing.	
				Ohio Escrow Services, Inc., Painesville, Ohio.			Loan closing and escrow services.	
				Financial Properties, Inc.			Nonoperating	
				Towers Communications, Inc., Coshockton, Ohio.				
				TV Cable Systems, Inc.			Cable television services	
				Community Cable Services, Inc.			do	
				Television Cable Services, Inc.			do	
				Lisbon Cable TV, Inc.			do	
				Tower Communications Systems Corp.				
Celina Financial Corp., Celina, Ohio.	Home Banking Co., St. Marys, Ohio.	21.1	Mar. 23, 1965	Midwest Service Center, Inc., Celina, Ohio.		December 1966	Computer center	1.8
				Celina National Life Insurance Co., Celina, Ohio.		May 1965	Life insurance company	
				Celina Mutual Insurance Co.			Insurance	
				National Mutual Insurance Co.			do	
Cement Insurance Agency, Inc., Cement, Okla.	First State Bank, Cement Okla.	1.4	Apr. 15, 1968				Insurance agents, brokers, and service.	.2
Evans Insurance Agency, Inc., Billings, Okla.	First State Bank, Billings, Okla.	2.0	Aug. 1, 1967				do	.2
Carroll Agency, Inc., Weleetka, Okla.	State National Bank of Weleetka, Okla.	2.5	Aug. 26, 1966				Insurance	.2
Savings Bank of Newport, Newport, R.I.	Newport County Trust Co., Newport, Rhode Island.	1.6	1967				Mutual savings banks	75.5
Industrial Bancorp, Inc.	Industrial National Bank of Rhode Island, Providence, R.I.	824.6	Sept. 18, 1968	Information Sciences, Inc.	<1.0	Nov. 30, 1968	Computer services and systems.	
				Westminster Development Co.		do	Real estate investment	
People Savings Bank in Providence, Providence, R.I.	Peoples Trust Co., Providence, R.I.	4.1	1967				Mutual savings banks	143.7
Woonsocket Institution for Savings, Woonsocket, R.I.	Woonsocket Institution Trust Co., Woonsocket, R.I.	2.1	1966				do	117.9
Farmers Cotton Warehouse, Smithfield, N.C.	Peoples Bank, Cheraw, S.C.	4.1	1968				Agricultural service (warehouse).	<1.0
							Real estate operators and lessors.	
Guardian Fidelity Corp., Rock Hill, S.C.	Exchange Bank, Hollywood, S.C.	1.4	1966				Personal credit institutions.	4.2
							Business credit institutions.	
							Real estate agents, brokers, and managers.	
							Real estate operator and lessors.	
Investment Corp. of America, Canton, S. Dak.	Peoples Bank, Conde, S. Dak.	1.3	1966				Insurance agents, brokers, and service.	<1.0
First South Dakota Bankshares, Inc., Sioux Falls, S. Dak.	Farmers State Bank, Dupree, S. Dak.	2.7	1966 (1967 FRS).				Insurance agents, brokers, and service.	<1.0
							Miscellaneous investing institutions.	
Able Diversified Co., Rapid City, S. Dak.	Southern Hill Bank, Edgemont, S. Dak.	3.1	1966				Business credit institutions.	<1.0
							Real estate operators and lessors.	
Haugo Investment Co., Sioux Falls, S. Dak.	Bank of Union County, Elk Point, S. Dak.	5.1	1965				Insurance agents, brokers, and service.	<1.0
Johnson Investment Co., Inc., Estelline, S. Dak.	Farmers State Bank, Estelline, S. Dak.	2.8	1967				do	<1.0

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Name of 1 bank holding company and location	Name of bank controlled and location	Deposits of bank controlled (millions)	Date holding company formed or bank acquired	Name of subsidiary and location	Total assets of subsidiary (millions)	Date subsidiary acquired	Nature of business	Value of assets of holding company (millions)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Newport Corp., Sioux Falls, S. Dak.	Farmers State Bank, Lyons, S. Dak.	\$ 4	1967				Insurance agents, brokers, and service.	<\$1.0
United Corp., Rapid City, S. Dak.	Rushmore State Bank, Rapid City, S. Dak.	9.7	1967 (1965 FRS).				Real estate Insurance agents, brokers, and service.	3.0
First National Holding Corp., Memphis, Tenn.	First National Bank of Memphis, Tenn.	647.5	Jan. 17, 1969	Investors Mortgage	\$5.2	Feb. 6, 1969	Mortgage banking and services.	
NLT Corp., Nashville, Tenn.	Third National Bank, Nashville, Tenn.	428.4	Dec. 31, 1968	National Life & Accident Insurance Co.	1,580.9	Dec. 23, 1968	Life and health insurance	
				W.S.M., Inc.	2.2	Dec. 24, 1968	Radio and TV broadcasting.	
				Third National Co.	6.5	Jan. 1, 1969	Mortgage banking	
Silco, Inc., Dallas, Tex.	Exchange Bank & Trust Co., Dallas, Tex.	94.8	1968	Southwest Indemnity & Life Insurance Co., Dallas, Tex.	4.0	1968	Life insurance	130.0
				Sherman Savings & Loan Association, Sherman, Tex.	15.0	1968	Savings and loan association.	
SNB Corp., Fort Worth, Tex.	Southwest National Bank of El Paso, Tex.	43.0	1966				Personal credit institutions.	3.0
Fort Worth National Co., Fort Worth, Tex.	West Side State Bank, Fort Worth, Tex.	31.8	1967				Holds stock in other banks. Business credit institutions.	3.0
American General Insurance Co., Houston, Tex.	Texas National Bank of Commerce, Houston, Tex.	925.4	1968	Life & Casualty Insurance Co. of Nashville, Tenn.	491.0	1968	Life insurance	324.0
				W.L.A.C., Inc.		1968	Radio and TV broadcasting	
				Fidelity & Deposit Insurance Co., Baltimore, Md.	*100.0	1969	Fire and casualty insurance.	
				Channing Financial Corp., Houston, Tex.	*2.0	1969	Owns mutual fund management firms.	
Houston National Co., Houston, Tex.	Houston National Bank, Houston, Tex.	253.5	Mar. 27, 1969	Ten Ten Travis Corp.	24.0	July 1, 1969	Owns parking garage in Houston, Tex.	23.0
				Tennessee Gas Building Corp., Houston, Tex.	33.0	do.	Owns Tennessee Gas Building in Houston, Tex.	
The 1st National Bank of Jacksonville, Tex. & Associates, Jacksonville, Tex., employees profit-sharing trust.	Farmers & Merchants State Bank, Grapeland, Tex., now First State Bank, Grapeland, Tex.	1.5	1966				Personal credit institutions.	<1.0
Trustees of Shannon West Texas Memorial Hospital, San Angelo, Tex.	First National Bank of Kerrville, Tex.	17.0	Aug. 16, 1968	Timbermountain Ranch Co.	.3	Nov. 16, 1966	Miscellaneous investing institutions. Ranching.	
Wilcrof, Inc., Lewisville, Tex.	Lewisville National Bank, Lewisville, Tex.	5.1	1966				Real estate operators and lessors.	<1.0
KRIG, Inc., Odessa, Tex.	Olton State Bank, Olton, Tex.	8.2	1967				TV and radio broadcasting.	<1.0
Firstbank (nominee for Employees Pension Fund of First National Bank of Mount Pleasant, Tex., N/B is trustee for its own pension fund).	First State Bank, Pittsburg, Tex.	3.1	Dec. 10, 1968— Jan. 15, 1969.				Pension Fund Trustees.	
Kickerillo Development Co., Raymondville, Tex., changed name to Kickerillo Co., Houston, Tex.	Raymondville State Bank, Raymondville, Tex.	10.6	1965				Hold stock in other banks. Real estate developers.	5.0
Dynamerica Corp.	First National Bank of Richardson, Tex.	6.8	Oct. 1, 1968	Mount Dobbs Enterprises, Inc.	.04	Dec. 3, 1968	Real estate operators and lessors. Restaurant.	
Wolforth Investment Corp., Wolforth, Tex.	Wolforth State Bank, Wolforth, Tex.	2.2	1965				Business credit institutions.	<1.0
BD Inc. of Barron, Barron, Wis., (sold to Barron Investment Co., Inc., Barron, Wis., in 1968).	First National Bank of Barron, Barron, Wis.	6.8	1965				Insurance agents, brokers, and service.	<1.0
B&F Corp., Fort Atkinson, Wis.	Bank of Fort Atkinson, Fort Atkinson, Wis.	4.5	Dec. 19, 1966				do.	<1.0
Waycrosse, Inc., Minneapolis, Minn.	Bank of Ellsworth, Ellsworth, Wis.	13.1	1967				do.	10.0
Jensen Sundquist Agency, Inc., Grantsburg, Wis.	First Bank of Grantsburg, Wis.	15.9	1966				do.	
Norris Bankshares, Inc., Chicago, Ill.	Home Bank, Milwaukee, Wis.	28.1	1968				Miscellaneous investing institutions. General farms. Manufacturing miscellaneous food preparations.	3.4
Sterling Precision Corp., New York, N.Y.	Milwaukee Western Bank, Milwaukee, Wis.	63.0	June 1967— March 1968.	Greater Arizona Ranches, Phoenix, Ariz.		October 1967	Land development.	36.2
				R. Herschel Manufacturing Co., Peoria, Ill.	3.5	May 1968	Manufacturer cutlery blades.	
				Bayou Acceptance Corp., Mansfield, La.			Finance company.	
				Selected Resources Corp.		February 1968	Real estate holdings.	
				Wm. J. Meyer Co., Inc., Rochester, N.Y.			Sheet metal fabricator.	
				Elbe Fale & Bender Co., Inc., Fall River, Mass.	2.5	October 1968	Office supplies.	
				People's Building and Loan Co., Barnsville, Ohio.		June 1965	Finances residential home mortgages.	
				Yawman & Erbe Manufacturing Co., Inc., New York.		Jan. 3, 1956	Manufacture office furniture.	
				A.L.F.-Herman Corp., St. Louis, Mo.		1958		
				Nabors Trailers, Mansfield, La.		1959	Manufacture truck trailers.	
				Hoiga Metal Production Co., Van Nuys, Calif.		November 1964	Manufacture of steel office furniture and files.	

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Name of 1 bank holding company and location	Name of bank controlled and location	Deposits of bank controlled (millions)	Date holding company formed or bank acquired	Name of subsidiary and location	Total assets of subsidiary (millions)	Date subsidiary acquired	Nature of business	Value of assets of holding company (millions)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Inland Financial Corp., Milwaukee, Wis.	Whitefish Bay Bank & Trust Co., Whitefish Bay, Wis.	\$37.8	1966	Newton Securities, Inc., Milwaukee, Wis.	\$0.1	Dec. 19, 1967	Mutual fund	\$2.8
				Inland Leasing, Inc., Milwaukee, Wis.		March 1969	Leasing equipment	
				Inland Insurance, Inc., Milwaukee, Wis.		do	Insurance broker	
Financial Investments, Lusk, Wyo., now Ranch-Way, Inc., Lusk, Wyo.	Lusk State Bank, Lusk, Wyo.	3.7	Mar. 18, 1966	Rocky Mountain Livestock Co., Inc., Fort Collins, Colo.	.1	Aug. 22, 1967	Miscellaneous investing institutions	1.5
							Real estate developers	
							Real estate operators and lessors and cattle.	
First State Corp., Cody, Wyo.	First National Bank, Meeteetse, Wyo.	1.2	June 29, 1968				Insurance agents, brokers & service.	.3
							Personal credit institutions.	
							Miscellaneous business services.	

¹ Merged into Picker Corp., its parent company, as of Dec. 31, 1968.
² These companies were for many years distributors for Picker Corp., and were acquired upon the death of the principal, Mr. Sicular. They were merged into Picker Corp. as of Dec. 31, 1968.
³ Excluding assets of Provident National Bank and United Liberty Life Insurance Co.
⁴ Estimate.

TABLE 6.—1-BANK HOLDING COMPANIES FORMED PRIOR TO JAN. 1, 1965, WHICH HAVE ACQUIRED NONBANKING SUBSIDIARIES ON OR AFTER JAN. 1, 1965

Name of 1-bank holding company and location	Name of bank controlled and location	Deposits of bank controlled (millions)	Date holding company formed or bank acquired	Name of subsidiary and location	Total assets of subsidiary (millions)	Date subsidiary acquired	Nature of business	Value of assets of holding company (millions)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Medlin Insurance Agency, Inc., Oakley, Kans.	Farmers State Bank, Oakley, Kans.		Oct. 1, 1959	Oakley Development Co., Oakley, Kans.		1966	Owens land (not bank-related) and government bonds.	
Bankers Life & Casualty Co., Chicago, Ill.	Citizens Bank & Trust Co., Park Ridge, Ill.	\$134	Jan. 11, 1955	City Development Corp., Lake Park, Fla.		June 30, 1967	Real estate holding company.	\$402
	Royal National Bank, New York, N.Y. ¹	214	February 1969	Molecular Research, Inc., West Palm Beach, Fla.		July 1, 1966	Engineering, research and manufacturing.	
				National Corp., Chicago, Ill.		Dec. 14, 1967	Real estate holding company.	
				The Shaker Corp., Lake Park, Fla.		Dec. 28, 1967	Real estate developer.	
				Union Bankers Insurance Co., Dallas, Tex.		Aug. 1, 1967	Life, accident, and health insurance.	
				Western American Life Insurance Co., Austin, Tex.		Oct. 13, 1967	Life, accident, and health insurance.	
				Constitution Life Insurance Co.				
				Bankers Multiple Life Insurance Co.				
				Fab Industries, Inc.				
				Western Life Assurance Co.		February 1967		
Fidelity Securities & Investment Co., Inc., Minneapolis, Minn.	Fidelity Bank & Trust Co., Minneapolis, Minn.	48	November 1954	Minnesota Investment & Securities Co., Minneapolis, Minn.		January 1965	Arizona real estate.	
Industrial Finance Co., Fayetteville, Ark.	McIlroy Bank, Fayetteville, Ark.		Oct. 17, 1960	Northwest Mills, Inc., Fayetteville, Ark.		Jan. 31, 1966	Warehouse and refinancing (inactive).	

¹ Bankers Life & Casualty Co., holds 24 percent of Royal National Bank stock, and the Bankers Life & Casualty Co. president personally holds 11 percent of Royal National Bank stock. An additional 60 percent of Royal National Bank stock is held by officers and directors of Bankers Life & Casualty Co.

TABLE 7.—SUMMARY OF 1-BANK HOLDING COMPANIES OPERATING INSURANCE AGENCIES

1-bank holding companies operating insurance agencies in same State—formed before Jan. 1, 1965	99
1-bank holding companies operating insurance agencies in a different State—formed before Jan. 1, 1965	8
1-bank holding companies operating insurance agencies in same State—formed on or after Jan. 1, 1965	121
1-bank holding companies operating insurance agencies in a different State—formed on or after Jan. 1, 1965	4
Total	229

TABLE 8.—1 BANK HOLDING COMPANIES OPERATING INSURANCE AGENCIES IN SAME STATE—FORMED BEFORE JAN. 1, 1965 (TOTAL 96)

Name of holding company	Location	Name of bank	Bank deposits	Location	Date acquired
Gulf Area Insurance Agency, Inc.	Bay Minette, Ala.	Baldwin National Bank	6.5	Robertsdale, Ala.	1964
Navajo Bancorporation, Inc.	Phoenix, Ariz.	First Navajo National Bank	48.3	Holbrook, Ariz.	1963
Commercial Investment Co.	Texarkana, Ark.	First National Bank in Ashdown	5.9	Ashdown, Ark.	1948
American Pioneer Life Insurance Co.	Little Rock, Ark.	First National Bank of Poinsett County	3.6	Trumann, Ark.	1959
Trans World Financial Corp.	Beverly Hills, Calif.	Trans World Bank		Los Angeles, Calif.	1963
Loren Investment Co., Inc.	Brighton, Colo.	The First Bank of Brighton	12.7	Brighton, Colo.	1961
Cortez Investment Co.	Cortez, Colo.	Citizens State Bank of Cortez	7.0	Cortez, Colo.	1961
Yampa Valley Corp.	Craig, Colo.	Moffat County State Bank	10.1	Craig, Colo.	1964
Colorado Funding Co.	Denver, Colo.	Colorado State Bank of Denver	42.4	Denver, Colo.	1964
Flatirons Investment Co.	Boulder, Colo.	First National Bank	2.6	Lafayette, Colo.	Unknown
The Central Insurance Agency, Inc.	Denver, Colo.	First State of Idaho Springs	3.3	Idaho Springs, Colo.	1962
First Western Slope, Corp.	Grand Junction, Colo.	First National Bank in Grand Junction	31.5	Grand Junction, Colo.	1964
First McKinley Corp.	Glenwood Springs, Colo.	First National Bank of Glenwood Springs	23.2	Glenwood Springs, Colo.	1961
San Miguel Investment Co.	Norwood, Colo.	San Miguel Basin State Bank	3.7	Norwood, Colo.	1964
Solar Investment Co., Inc.	Pueblo, Colo.	Park National Bank	3.5	Pueblo, Colo.	1964
Rocky Ford Investment, Corp.	Rocky Ford, Colo.	Rocky Ford National Bank	4.6	Rocky Ford, Colo.	1963
Brown Corp.	Sterling, Colo.	Farmers State Bank of Yuma	6.2	Yuma, Colo.	1963

TABLE 8.—1 BANK HOLDING COMPANIES OPERATING INSURANCE AGENCIES IN SAME STATE—FORMED BEFORE JAN. 1, 1965 (TOTAL 96)—Continued

Name of holding company	Location	Name of bank	Bank deposits	Location	Date acquired
Conlon Moore Corp.	Chicago, Ill.	Commerical National Bank of Berwyn	22.1	Berwyn, Ill.	1962
Clearing Industrial District, Inc.	do	State Bank of Clearing	39.0	Chicago, Ill.	1914
Farmer City Agency, Inc.	Farmer City, Ill.	Farmer City State Bank	10.1	Farmer City, Ill.	1964
First National Holding Corp. of O'Fallon	O'Fallon, Ill.	First National Bank of O'Fallon	13.3	O'Fallon, Ill.	1962
Northland Insurance Agency, Inc.	Chicago, Ill.	American Savings Bank	14.3	South Chicago Heights, Ill.	1960
Howard McKee Corp.	do	Wheeling Trust & Savings Bank	27.1	Wheeling, Ill.	1961
The Riley Co., Inc.	East Chicago, Ind.	First National Bank of East Chicago	94.9	East Chicago, Ind.	1941
Indiana Industries, Inc.	Indiana	Bank of Indiana	74.2	Gary, Ind.	1963
Nichols Investment Corp.	Terre Haute, Ind.	First National Bank	6.4	Monticello, Ind.	1962
Nashville Securities & Investment Co., Inc.	Nashville, Ind.	Nashville State Bank	5.7	Nashville, Ind.	Unknown
Associates Investment Co.	South Bend, Ind.	First Bank & Trust Co. of South Bend	141.9	South Bend, Ind.	1964
First Charter Financial Corp.	Syracuse, Ind.	State Bank of Syracuse	10.4	Syracuse, Ind.	By 1964
A. M. Saylor, Inc.	Clarion, Iowa	State Savings Bank	3.5	Aplington, Iowa	1962
MSB Corp.	Monticello, Iowa	City State Bank	3.4	Central City, Iowa	1963
Whitmore Co., Inc.	Corning, Iowa	Okey Vernon National Bank of Corning	8.9	Corning, Iowa	1963
D. W. Heineking, Inc.	Hubbard, Iowa	Security State Bank	3.2	Hubbard, Iowa	1964
The Security Agency, Inc.	Decorah, Iowa	Security Bank & Trust Co.	9.3	Decorah, Iowa	1962
Stega Insurance Agency, Inc.	Fonda, Iowa	First National Bank of Fonda	4.1	Fonda, Iowa	1963
Iowa Barber College	Des Moines, Iowa	The Decatur County State Bank	7.6	Leon, Iowa	1962
Midwest Agriculture Credit Corp.	Rock Rapids, Iowa	Lester State Bank	1.6	Lester, Iowa	1963
The Lodwick Manning Co.	Des Moines, Iowa	Manning Trust & Savings Bank	2.0	Manning, Iowa	1964
M. V. Co., Inc.	Marion, Iowa	First National Bank of Marion	16.5	Marion, Iowa	1963
Humeston Corp.	Humeston, Iowa	Citizens State Bank	2.2	Humeston, Iowa	1962
Lodwick Kiron Co.	Denison, Iowa	Kiron State Bank	2.4	Kiron, Iowa	1963
Community Holding Co.	Knoxville, Iowa	Community National Bank & Trust Co.	11.8	Knoxville, Iowa	1961
Asco, Inc.	Rock Rapids, Iowa	Rock Rapids State Bank	7.5	Rock Rapids, Iowa	1961
Iowa Business Investment Corp.	Storm Lake, Iowa	Sibley State Bank	5.9	Sibley, Iowa	1962
Morningside Development Co., Inc.	Sioux City, Iowa	Morningside State Bank	9.0	Sioux City, Iowa	1963
Cedar Investment Co.	Waverly, Iowa	American Savings Bank	3.8	Tripoli, Iowa	1962
I & B, Inc.	Cherryvale, Kans.	Peoples State Bank	5.5	Cherryvale, Kans.	1964
Hi Plains Insurance Agency	Colby, Kans.	Thomas County National Bank	9.2	Colby, Kans.	1963
Key Insurance, Inc.	Edna, Kans.	First State Bank	2.4	Edna, Kans.	1961
Percival Insurance Agency, Inc.	Garden City, Kans.	Garden National Bank of Garden City	15.6	Garden City, Kans.	1961
First Insurance Agency, Inc.	Goodland, Kans.	First National Bank in Goodland	10.4	Goodland, Kans.	1958
Shanlie, Inc.	Herndon, Kans.	First State Bank	2.3	Jennings, Kans.	1964
Medlin Insurance Agency, Inc.	Oakley, Kans.	Farmers State Bank of Oakley	7.5	Oakley, Kans.	1959
Miami Agency, Inc.	Shawnee Mission, Kans.	Miami County National Bank of Paola	17.1	Paola, Kans.	1962
Quinter Insurance Service, Inc.	Quinter, Kans.	First National Bank of Quinter	5.2	Quinter, Kans.	1964
Peoples Investment, Inc.	Richmond, Kans.	Peoples State Bank	2.8	Richmond, Kans.	Unknown
Roeland Park Agency, Inc.	Mission, Kans.	Roeland Park State Bank	18.2	Roeland Park, Kans.	Unknown
Peoples Insurance Agency, Inc.	Sharon Springs, Kans.	Peoples State Bank of Sharon Springs	4.0	Sharon Springs, Kans.	1962
The Sylvan Agency, Inc.	Sylvan Grove, Kans.	Sylvan State Bank	3.0	Sylvan Grove, Kans.	1962
Expressway Insurance Agency, Inc.	New Orleans, La.	Fidelity Bank & Trust Co.	do	Winnfield, La.	1964
Winn Development Corp.	Winnfield, La.	Winn State Bank & Trust Co.	3.1	do	1964
Howard W. Reiter Investment Co.	Canby, Minn.	National Citizens Bank of Canby	6.6	Canby, Minn.	1960
Crystal State Agency, Inc.	Crystal, Minn.	Crystal State Bank	14.5	Crystal, Minn.	1963
North Shore Co.	Duluth, Minn.	Airport State Bank of Duluth	1.4	Duluth, Minn.	1963
Babbscha, Inc.	Fridley, Minn.	Fridley State Bank	6.8	Fridley, Minn.	1962
Equity Capital Co.	Minneapolis, Minn.	Citizens State Bank of Green Isle	8.6	Green Isle, Minn.	1963
Financial Underwriters, Inc.	do	Lake City State Bank	9.5	Lake City, Minn.	1963
Fidelity Securities & Investment Co., Inc.	do	Fidelity Bank and Trust Co.	48.4	Minneapolis, Minn.	By 1964
Richfield State Agency, Inc.	Richfield, Minn.	Richfield Bank & Trust Co.	35.9	Richfield, Minn.	1964
Park Plaza State Agency, Inc.	St. Louis Park, Minn.	Park Plaza State Bank of St. Louis Park	11.9	St. Louis Park, Minn.	1963
Behrens, Inc.	New London, Mo.	Ralls County State Bank	3.8	New London, Mo.	1958
Centralia Insurance Agency, Inc.	Centralia, Mo.	First National Bank of Centralia	7.8	Centralia, Mo.	1964
Hardin, Inc.	Edison, Nebr.	Farmers and Merchants Bank	1.6	Edison, Nebr.	1963
American National Agency, Inc.	Kimball, Nebr.	American National Bank of Kimball	6.8	Kimball, Nebr.	1961
Bank Management, Inc.	Omaha, Nebr.	Bank of Arzgue	1.5	Prague, Nebr.	1964
Shelby Insurance, Inc.	Shelby, Nebr.	First National Bank of Shelby	2.8	Shelby, Nebr.	1961
Osceola Insurance, Inc.	Osceola, Nebr.	First National Bank of Osceola	4.0	Osceola, Nebr.	1961
Thuman Corp.	Trenton, Nebr.	Farmers State Bank	2.1	Maywood, Nebr.	1962
Guaranty Development Co.	Livingston, Mont.	First Security Bank of Livingston	10.7	Livingston, Mont.	1964
Binger Agency, Inc.	Binger, Okla.	Binger Community Bank	2.5	Binger, Okla.	1964
Tuttle Insurance Agency, Inc.	Tuttle, Okla.	Bank of Tuttle	2.9	Tuttle, Okla.	1964
Watson Insurance Agency, Inc.	New Rockford, N. Dak.	First State Bank of New Rockford	6.6	New Rockford, N. Dak.	1964
Lincoln Investment Co.	Lennox, S. Dak.	Exchange Bank of Lennox	4.7	Lennox, S. Dak.	1960
Union Credit Corp.	Huron, S. Dak.	First Security Bank	2.5	Morristown, S. Dak.	1962
Sully County Insurance Agency	Onida, S. Dak.	Sully County Bank	1.1	Onida, S. Dak.	1963
Citizens Bancorporation	Rapid City, S. Dak.	United National Bank of Vermillion	14.1	Vermillion, S. Dak.	1964
XYZ Corp.	Pierre, S. Dak.	First Western Bank	5.5	Wall, S. Dak.	1964
The Farmers & Merchants Investment Co.	Watertown, S. Dak.	Farmers & Merchants Bank & Trust	17.1	Watertown, S. Dak.	Unknown
Ranchers Security Corp.	Winner, S. Dak.	Ranchers National Bank	5.9	Winner, S. Dak.	1963
Lincoln Liberty Life Insurance Co.	Houston, Tex.	First National Bank of Raymondville	9.8	Raymondville, Tex.	1958
Mortgage Investment Corp.	San Antonio, Tex.	Mercantile Bank & Trust	13.3	San Antonio, Tex.	Unknown
Murray State Investment, Inc.	Murray, Utah	Murray State Bank	13.3	Murray, Utah	1964
Bonneville Capital Corp.	Salt Lake City, Utah	Bank of Salt Lake	5.5	Salt Lake City, Utah	1963
Genera. Investment Co., Inc.	Wisconsin	Monona Grove State Bank	do	Monona, Wis.	1958
New Shares, Inc.	New Franken, Wis.	New Franken State Bank	4.4	New Franken, Wis.	1963
First Capital Corp.	Lander, Wyo.	First National Bank of Lander	11.1	Lander, Wyo.	1964

TABLE 9.—INSURANCE AGENCIES AS I-BANK HOLDING COMPANIES OPERATING INSURANCE AGENCIES IN DIFFERENT STATE THAN THE HOLDING COMPANY—FORMED BEFORE JAN. 1, 1965 (TOTAL 8)

Name of holding company and location	Name of bank and location	Bank deposits	Date acquired
Bankers Financial Corp., Fergus Falls, Minn.	First National Bank in Drake, N. Dak.	4.4	1960
Exchange Investors, Inc., Glendive, Mont.	El Dorado National Bank, El Dorado, Kans.	11.4	1959
First Plaza Co., Lincoln, Nebr.	First National Bank of Westminster, Colo.	13.2	1964
Harlem Corp., Rapid City, S. Dak.	Security State Bank, Harlem, Mont.	3.6	1964
Independence Financial Corp., Lincoln, Nebr.	Standard State Bank, Independence, Mo.	12.8	1964
Iowa Banco Corp., Omaha, Nebr.	Onawa State Bank, Onawa, Iowa	8.0	1964
Mid Continent Financial Corp., Omaha, Nebr.	Commercial Bank of Leadville, Colo.	5.8	1964
Thompson Insurance, Inc., Towner, N. Dak.	Basin State Bank, Stanford, Mont.	5.3	1963

TABLE 10.—1 BANK HOLDING COMPANIES OPERATING INSURANCE AGENCIES IN SAME STATE—FORMED ON OR AFTER JAN. 1, 1965 (TOTAL 121)

Name of Holding Company	Location	Name of Bank	Location	Date acquired
Baldwin Insurance Co., Inc.	Bay Minette, Ala.	First National Bank of Bay Minette	Bay Minette, Ala.	1965
First Lincoln Financial Corp.	Los Angeles, Calif.	Lincoln Bank	Los Angeles, Calif.	1965
D. Earle Brumbaugh Agency, Inc.	Fruita, Colo.	Fruita State Bank	Fruita, Colo.	1966
Colorado Financial Services, Inc.	Eagle, Colo.	First National Bank of Eagle County	Eagle, Colo.	1965
Middle Park Agency, Inc.	Granby, Colo.	Middle Park Bank	Granby, Colo.	1965
Hereford Insurance & Investment Co.	Hereford, Colo.	Hereford State Bank	Hereford, Colo.	1968
Holyoke Agency, Inc.	Holyoke, Colo.	Holyoke Bank and Trust Co.	Holyoke, Colo.	1967
Liberty Agency, Inc.	do.	Kirk State Bank	Kirk, Colo.	1967
Greeley-LaSalle Investment Corp.	Greeley, Colo.	South Platte National Bank	LaSalle, Colo.	1968
Washington Investment Co.	Otis, Colo.	First National Bank of Otis	Otis, Colo.	1966
Harry A. Lowe Agency, Inc.	Ourray, Colo.	Citizens State Bank	Ourray, Colo.	1967
Clark Insurance Agency, Inc.	Stratton, Colo.	First National Bank	Stratton, Colo.	1967
Chicago City Bancorporation	Chicago, Ill.	Chicago City Bank & Trust Co.	Chicago, Ill.	1968
Backlund White, Inc.	Dunlap, Ill.	Glasford State Bank	Glasford, Ill.	1965
First Wyandot Investment Corp.	Wyandot, Ill.	First National Bank of Wyandot	Wyandot, Ill.	Feb. 1, 1965
American Investment Co. of South Bend	South Bend, Ind.	American National Bank & Trust Co.	South Bend, Ind.	1965
The Ludwick Danbury Co.	Des Moines, Iowa	Farmers Savings Bank	Danbury, Iowa	1966
Goose Lake Investment, Inc.	Humboldt, Iowa	Goose Lake Savings Bank	Goose Lake, Iowa	1967
Humboldt Realty Insurance Co., Inc.	Humboldt, Iowa	First National Bank	Humboldt, Iowa	1967
Zabel Enterprises, Inc.	Lenox, Iowa	do.	Lenox, Iowa	1968
Wisco, Inc.	Maquoketa, Iowa	First State Bank	Diagonal, Iowa	1968
First Building Corp. of Eldora	Eldora, Iowa	First National Bank	Eldora, Iowa	1967
Iowa National Investment Co.	Dubuque, Iowa	Epworth Savings Bank	Epworth, Iowa	1966
Fayette Investment Co.	Mason City, Iowa	State Bank	Fayette, Iowa	1967
United American Investment Co.	do.	First State Bank	Britt, Iowa	1966
Iowa Banshares, Inc.	Red Oak, Iowa	Pella National Bank	Pella, Iowa	1966
Riceville Investment Co.	Charles City, Iowa	First National Bank	Riceville, Iowa	1968
Pioneer Development Co.	Sioux City, Iowa	Pioneer Valley Savings Bank	Sergeant Bluff, Iowa	1965
Nora Springs Investment Co., Inc.	Iowa	First State Bank	Nora Springs, Iowa	1967
Williams Security Insurance Agency, Inc.	Williams, Iowa	Williams Savings Bank	Williams, Iowa	1966
Tri-County Insurance Agency, Inc.	Zealand, Iowa	Tri-County Bank	Zealand, Iowa	1967
Bedene Insurance Agency, Inc.	Arma, Kans.	First State Bank	Arma, Kans.	1968
Exchange Bankshares Corp.	Atchison, Kans.	Exchange National Bank of Atchison	Atchison, Kans.	1968
Berco, Inc.	Salina, Kans.	Bennington State Bank	Bennington, Kans.	1967
Danehower Realty Corp.	Chanute, Kans.	First National Bank of Chanute	Chanute, Kans.	1966
The Glen Elder Agency, Inc.	Glen Elder, Kans.	Traders State Bank	Glen Elder, Kans.	1967
Nemaha Investment Co., Inc.	Goff, Kans.	First National Bank of Goff	Goff, Kans.	1966
Citizens Insurance Agency, Inc.	Jewell, Kans.	Citizens State Bank	Jewell, Kans.	1967
Full Service Insurance, Inc.	Harston-LaCrosse, Kans.	Home State Bank	LaCrosse, Kans.	1966
Colt Investment, Inc.	Prairie Village, Kans.	Hartford State Bank	Hartford, Kans.	1967
John Herbin, Inc.	Jamestown, Kans.	Randall National Bank	Randall, Kans.	1968
Dunmire Insurance Agency, Inc.	Spring Hill, Kans.	State Bank of Spring Hill	Spring Hill, Kans.	1965
Boyce Insurance, Inc.	Strawn, Kans.	Strawn State Bank	Strawn, Kans.	1968
Sylvia Insurance Agency, Inc.	Sylvia, Kans.	Sylvia State Bank	Sylvia, Kans.	1968
First Wa Keeney Agency, Inc.	Wa Keeney, Kans.	First National Bank	Wa Keeney, Kans.	1967
Wakefield Agency, Inc.	Wakefield, Kans.	Farmers & Merchants State Bank	Wakefield, Kans.	1965
Medelco, Inc.	Rochester, Minn.	Sterling State Bank	Austin, Minn.	1965
First National Agency of Bagley, Inc.	Bagley, Minn.	First National Bank of Bagley	Bagley, Minn.	1965
Balaton Agency, Inc.	Balaton, Minn.	Farmers & Merchants State Bank	Balaton, Minn.	1967
First National Agency of Baudette, Inc.	Baudette, Minn.	First National Bank of Baudette	Baudette, Minn.	1965
The Bellingham Corp.	Minneapolis, Minn.	State Bank of Bellingham	Bellingham, Minn.	1969
Dassel Investment Co.	do.	Dassel State Bank	Dassel, Minn.	1965
Elgin Investment Co., Inc.	Elgin, Minn.	Elgin State Bank	Elgin, Minn.	1965
Farmers Investment Corp.	Eyota, Minn.	Farmers State Bank of Eyota	Eyota, Minn.	1965
Citizens State Agency of Fulda, Inc.	Fulda, Minn.	Citizens State Bank of Fulda	Fulda, Minn.	1966
C.S. Inc.	Harmony, Minn.	Harmony State Bank	Harmony, Minn.	1966
Himle Agency, Inc.	Hayfield, Minn.	Citizens State Bank	Hayfield, Minn.	1968
Oppgaard Agency, Inc.	Hinckley, Minn.	Farmers & Merchants State Bank	Hinckley, Minn.	1968
Klorsel Corp.	Minneapolis, Minn.	Franklin National Bank	Minneapolis, Minn.	1968
Kanabec Credit Co., Inc.	Mora, Minn.	Kanabec State Bank	Mora, Minn.	1968
Kimberly Leasing Corp., Inc.	Rush City, Minn.	State Bank of Rush City	Rush City, Minn.	1966
Poe Investment Co., Inc.	Minneapolis, Minn.	Farmers & Merchants Bank	Sacred Heart, Minn.	1965
Plaza Agency, Inc.	St. Cloud, Minn.	Plaza Park Bank	St. Cloud, Minn.	Dec. 12, 1968
First National Agency of Wadena, Inc.	Wadena, Minn.	First National Bank	Wadena, Minn.	1968
Clear Lake Agency of Waseca, Inc.	Waseca, Minn.	First National Bank of Waseca	Waseca, Minn.	1966
Feeney Insurance Agency, Inc.	Missouri	Peoples Bank of Kansas City	Kansas City, Mo.	1968
Marshfield Investment Co., Inc.	Marshfield, Mo.	Citizens State Bank	Marshfield, Mo.	1967
Mid-America Bancorporation, Inc.	Smithville, Mo.	Citizens Bank of Smithville	Smithville, Mo.	1968
Security, Inc.	Butte, Mont.	Security Bank	Butte, Mont.	1968
Robert Agency, Inc.	Roundup, Mont.	Miners & Merchants Bank	Roundup, Mont.	1968
Con-West, Inc.	Stevensville, Mont.	First State Bank	Stevensville, Mont.	1967
Mineral County Insurance Agency, Inc.	Superior, Mont.	First State Bank of Mineral County	Superior, Mont.	1968
Hansen Lawrence Agency, Inc.	Worden, Mont.	Farmers State Bank of Worden	Worden, Mont.	1965
Commercial Investment Co.	Ainsworth, Nebr.	Commercial National Bank	Ainsworth, Nebr.	1967
Wells Enterprises, Inc.	Bartley, Nebr.	State Bank of Bartley	Bartley, Nebr.	1967
1st Group, Inc.	Beatrice, Nebr.	Blue Springs State Bank	Blue Springs, Nebr.	1966
Clearwater Enterprises, Inc.	Clearwater, Nebr.	Citizens State Bank	Clearwater, Nebr.	1966
Hoff Investment Corp.	Lisco, Nebr.	Dalton State Bank	Dalton, Nebr.	1968
Decatur Agency Co.	Decatur, Nebr.	Citizens State Bank	Decatur, Nebr.	1968
Midstate Insurance Agency & Management, Inc.	Elm Creek, Nebr.	Elm Creek State Bank	Elm Creek, Nebr.	1967
Nebraska Bankshares, Inc.	Farnam, Nebr.	Farnam Bank	Farnam, Nebr.	1968
The Woodstock Land & Cattle Co.	Fullerton, Nebr.	Fullerton National Bank	Fullerton, Nebr.	1966
Byla Co., Inc.	Gibson, Nebr.	Exchange Bank	Gibson, Nebr.	1965
Gresham Co., Inc.	Gresham, Nebr.	Gresham State Bank	Gresham, Nebr.	1968
Hardy Insurance Agency, Inc.	Nebraska	Hardy State Bank	Hardy, Nebr.	1967
Indianola Agency, Inc.	Indianola, Nebr.	Bank of Indianola	Indianola, Nebr.	1968
Farmers & Merchants Investment Co.	Lincoln, Nebr.	Union Bank & Trust Co.	Lincoln, Nebr.	1966
Packers Management Co.	Omaha, Nebr.	Packers National Bank	Omaha, Nebr.	Sept. 1, 1968
O'Neill Properties, Inc.	O'Neill, Nebr.	First National Bank of O'Neill	O'Neill, Nebr.	1965
Howard Huff, Inc.	Ord, Nebr.	Security State Bank	Oxford, Nebr.	1965
Farmers Insurance Agency, Inc.	Nebraska	Bank of Panama	Panama, Nebr.	1966
Clarke, Inc.	Nebraska	Clarke Bank	Papillion, Nebr.	1967
Pawnee County Banshares	Milford, Nebr.	Pawnee County Bank	Pawnee City, Nebr.	1967
Pickrell, Inc.	Beatrice, Nebr.	Pickrell State Bank	Pickrell, Nebr.	1965
Stamford Banco, Inc.	Nebraska	Stamford Bank	Stamford, Nebr.	1968
Security Insurance Agency, Inc.	Superior, Nebr.	Security National Bank	Superior, Nebr.	1968
Tekamah Agency Co., Inc.	Tekamah, Nebr.	First National Bank	Tekamah, Nebr.	1968
Wolback Insurance Agency, Inc.	Wolback, Nebr.	Peoples State Bank	Wolback, Nebr.	1965
Wake Insurance Agency, Inc.	Fuquay Varina, N.C.	Southern Bank & Trust Co.	Mount Olive, N.C.	1965
First Union National Corp.	Charlotte, N.C.	First Union National Bank of North Carolina	Charlotte, N.C.	Sept. 1968
NCNB Corp.	do.	North Carolina National Bank	do.	Jan. 12, 1969
The Wachovia Corp.	Winston-Salem, N.C.	Wachovia Bank & Trust Co.	Winston-Salem, N.C.	Dec. 31, 1968
The Southern National Corp.	Lumberton, N.C.	Southern National Bank of North Carolina	Lumberton, N.C.	Jan. 19, 1969
Columbus Corp.	Columbus, N. Dak.	Columbus State Bank	Columbus, N. Dak.	1966
Home, Inc.	Steele, N. Dak.	Bank of Steele	Steele, N. Dak.	1968
The Greater Ohio Corp.	Mt. Gilead, Ohio	First National Bank of Mt. Gilead, Ohio	Mt. Gilead, Ohio	Sept. 1968

TABLE 10.—1 BANK HOLDING COMPANIES OPERATING INSURANCE AGENCIES IN SAME STATE—FORMED ON OR AFTER JAN. 1, 1965 (TOTAL 121)—Continued

Name of holding company	Location	Name of bank	Location	Date acquired
Cement Insurance Agency, Inc.	Oklahoma	First State Bank	Cement, Okla.	1968
Evans Insurance Agency, Inc.	Billings, Okla.	do.	Billings, Okla.	1967
Carroll Agency, Inc.	Weleetka, Okla.	State National Bank of Weleetka	Weleetka, Okla.	1966
Bankers Investment Co.	Rapid City, S. Dak.	United National Bank of Brandon	Brandon, S. Dak.	1965
Citizens Insurance Agency, Inc.	Clark, S. Dak.	Citizens State Bank	Clark, S. Dak.	1967
Investment Corp. of America	Canton, S. Dak.	Peoples Bank	Canton, S. Dak.	1966
First South Dakota Bankshares, Inc.	Sioux Falls, S. Dak.	Farmers State Bank	Dupree, S. Dak.	1966
Haugo Investment Co.	Sioux Falls, S. Dak.	Bank of Union County	Elk Point, S. Dak.	1965
Johnson Investment Co., Inc.	Estelline, S. Dak.	Farmers State Bank	Estelline, S. Dak.	1967
Midwestern Banks, Inc.	Rapid City, S. Dak.	Lyman County Bank	Kennebec, S. Dak.	1967
Decotah Bank Holding Co.	Aberdeen, S. Dak.	Security Bank	Webster, S. Dak.	1965
United Corp.	Rapid City, S. Dak.	Rushmore State Bank	Rapid City, S. Dak.	1967
B D Inc. of Barron	Barron, Wis.	First National Bank of Barron	Barron, Wis.	1965
Jensen Sundquist Agency, Inc.	Grantsburg, Wis.	First Bank of Grantsburg	Grantsburg, Wis.	1966
First State Corp.	Cody, Wyo.	First National Bank	Mesteetse, Wyo.	1968

TABLE 11.—1 BANK HOLDING COMPANIES OPERATING INSURANCE AGENCIES IN A DIFFERENT STATE THAN THE HOLDING COMPANY—FORMED ON OR AFTER JAN. 1, 1965 (TOTAL 4)

Name of holding company and location	Name of bank and location	Date acquired
First Estes Plaza Co., Lincoln, Nebr.	First National Bank of Estes Park, Colo.	1965
Thor Realty Co., Inc., Cleveland, Ohio	Smithton Bank, Smithton, Mo.	1965
Lincoln Corp., Rapid City S. Dak.	Lincoln Security Bank, Libby, Mont.	1966
Waycrosse, Inc., Minneapolis, Minn.	Bank of Ellsworth, Ellsworth, Wis.	1967

OIL IMPORT QUOTA PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. CONTE) is recognized for 20 minutes.

Mr. CONTE. Mr. Speaker, recent developments concerning the President's Cabinet Task Force on Oil Import Control present both a hope and a challenge to those of us who have long been opposed to the restrictive oil quota system.

The hope I speak of is based on several administration submissions to the task force recommending substantial alterations in, if not the total abolition of, the mandatory oil import program.

The challenge is that a massive effort is now underway to discredit the task force staff in the eyes of both the White House and task force members.

Mr. Speaker, I am sure I speak for all 53 cosponsors of my bill to end the quota system, and many more Members as well, in urging both the task force and the President to resist these pressures.

Already, Mr. Speaker, there have been several encouraging signals coming from administration sources.

First, and perhaps most important, Assistant Attorney General Richard W. McLaren, Chief of the Justice Department's Antitrust Division, has recommended abolition of the quotas, saying they have no relation to "any reasonable national security goal."

Second, the task force staff itself has released a study predicting that Alaskan north slope oil can be sold competitively with foreign oil—even without import restrictions.

Third, the Department of Defense has reported to the task force that, at a minimum, all Western Hemisphere oil sources are secure, and that the best way to assure they remain secure sources is to allow imports freely from those areas.

Finally, the Department of Interior has submitted studies to the task force backing up our contention that the cost of the program to consumers is considerable, and that the stockpiling of oil would be a far cheaper method of providing for emergency needs.

These and other studies, Mr. Speaker, have, according to some press accounts, led the task force staff to recommend

substantial changes in our present inequitable and indefensible Government oil policy. The staff is now circulating several of these so-called "fact papers" among task force members. I include at the close of my remarks several copies of recent stories in the oil press on this subject.

It is no surprise, then, that the major oil lobbyists are now hard at work seeking to discredit the task force effort.

But it is a supreme irony, Mr. Speaker, that the same oil barons who called for this task force study in the first place are now disappointed with the very creature they brought into being.

Only last February, the American Petroleum Institute and its chairman, Mr. Michael L. Haider, who also happens to be chairman of the board of Standard Oil of New Jersey, urged the President to set up the task force. I include a copy of that letter at the close of my remarks.

Despite this irrefutable documentary evidence, some major oil propagandists, in their zeal to disown their unruly child, are already claiming that it was the "politicians" who caused the creation of the task force. Mr. Gene Kinney attempts this in a recent article in the *Oil & Gas Journal* for October 13, 1969. I also include this article at the close of my remarks.

But, Mr. Speaker, the oil barons cannot escape the facts. It was the oil lobby, and not the "politicians" seeking to end the quotas, who pushed for the creation of the task force.

I think the evidence is clear, Mr. Speaker, that the main purposes of the task force proposal were to delay a decision about to be made on the application for a free port and refinery at Machiasport, Maine, and, in general, to stall any further action in the direction of reforming our oil policies.

Although I was convinced that the subject had been studied to death, I have cooperated with the task force, submitting my own proposal in which I explained the purposes of my bill and urged the task force to support it.

And, as I have pointed out, a number of excellent studies submitted to the task force have also recommended either abolition of the quotas or greatly increased imports.

It is, of course, too early to predict what the task force will finally recommend and what the President will decide.

Mr. Speaker, I certainly do not suggest that the concerted effort now underway to discredit the task force staff will easily sway the distinguished membership of the task force, or the President himself.

I believe this administration is committed to giving this question the most objective look possible, and that it fully intends to decide these questions of oil policy on their merits.

But I am also convinced that those of us who favor serious reform must renew our efforts. We cannot permit this cynical lobbying effort to scuttle the work of the task force.

If the facts are made clear to the public, particularly by my colleagues from the Northeast in this and in the other body, I believe we can meet this latest challenge.

Surely all of us here know that the oil lobby can be a most powerful foe. But the truth is far more powerful.

The public has a right to know that truth. And, when they do, I am convinced that the effort of the oil industry to discredit the work of the task force staff will fail.

The material referred to follows:

FEBRUARY 5, 1969.

DR. ARTHUR F. BURNS,
Counselor to the President,
The White House.

DEAR MR. BURNS: Mr. Michael L. Haider, Chairman of the Board of Directors of the American Petroleum Institute, and I would like to submit to you for your consideration the attached memorandum. This memorandum urges the creation of a Cabinet level Committee for the purpose of studying and re-evaluating the Mandatory Oil Import Program.

Mr. Haider and I would welcome an opportunity to discuss this matter with you personally.

Yours very truly,

FRANK N. IKARD,
President, American Petroleum Institute.

[From *Oil & Gas Journal*, Sept. 29, 1969]

INTERIOR STAFF EXPLODES IMPORTS BOMB

THE SEARCH for cheaper alternatives to oil-import controls drew support last week from a Department of Interior staff report.

The report concludes that emergency stor-

age in Gulf Coast salt domes would cost far less than spare productive capacity or other hedges against loss of foreign supplies.

The draft analysis, which does not represent a departmental position, nevertheless is expected to have major influence on policy.

The series of nine "technical" papers submitted to the Cabinet Task Force on Oil-Import Controls estimates the cost of a strategic reserve in salt-dome storage at only 39¢/bbl (Table 1).

This is based on availability of 5,000,000 b/d of supply in 1975 and 6,000,000 b/d in 1980 under liberalized import controls.

Next in line among the nine alternatives calculated is the present control program, exclusive of the costs assigned to prorationing. This is computed at 67¢/bbl. Department economists estimated the cost of the present controls, including additional costs assigned to prorationing, at \$1.04/bbl.

Impact of studies. The Interior papers were presented to the task force staff at a time when it is reaching conclusions on factual issues in the policy review ordered by President Nixon in February.

The papers, coming from a respected source, are expected to greatly influence task-force conclusions.

And these factual determinations, in turn, will inevitably tip policy decisions in one direction or another.

The Interior papers point strongly toward a combination of increased imports with controls, together with provisions for emergency supplies in salt-dome storage.

Unless these figures are refuted, they will carry great weight in policy discussions by the cabinet group. The task force staff is at the point of winding up the factual portion of its review.

The next step, task force officials say, will be to obtain comments from oil experts at the staff level of interested government agencies. After running this gauntlet, the "fact" papers, along with the various policy alternatives suggested by them, will be considered with the cabinet members.

From these exchanges will come the report to the president, due by Thanksgiving, outlining possible revisions in import controls.

The cabinet members and their top aides are due to gather at some hideaway outside the capital in the next several weeks to hammer out basic decisions to go into the report.

Cost of alternatives. The Interior studies show the cost of a strategic reserve would be relatively small over the next decade using salt-dome storage (see table 2).

TABLE 1.—THE ESTIMATED COST OF KEEPING STRATEGIC OIL RESERVE

Type reserve	Amount per barrel per year	
	1975	1980
Salt-dome storage.....	\$10.39	\$10.39
Oil-shale Case II.....	\$1.45	\$1.51
Present program (exclusive of proration).....	.67	.68
Oil-shale Case I.....	\$1.45	\$1.68
Subsidized oil-exploration Case I.....	.80	.95
Steel-tank storage.....	.98	.98
Present program (including proration).....	1.04	1.04
Oil from coal.....	\$1.35	\$1.35
Subsidized oil-exploration Case II.....	\$1.56	\$1.64

¹ Assumes availability of 5,000,000 b/d for 12 months or 1.825 billion bbl for the year in 1975. Assumes 6,000,000 b/d for 12 months or 2.190 billion bbl for the year 1980.

² 105,000 b/d available in 1975; 1,000,000 b/d available in 1980. ³ 3,500,000 b/d available in 1975; 5,000,000 b/d available in 1980. ⁴ 6,000,000 b/d available in 1983 at \$1.02/bbl for Case I; \$1.69/bbl for Case II.

⁵ 100,000 b/d available in 1975; 1,000,000 b/d available in 1980. Source: Department of Interior staff paper filed with Cabinet Task Force on Oil Import Controls.

TABLE 2.—COST OF VARIOUS STRATEGIC-RESERVE PLANS, 1971-80

Type reserve	Cost
Salt-dome storage of 6 months supply (5,000,000 b/d in 1975; 6,000,000 in 1980).....	3,492
Salt-dome storage of 12-months supply (8,000,000 b/d in 1975; 6,000,000 b/d in 1980).....	6,983
Steel-tank storage of 6-months supply (5,000,000 b/d in 1975; 6,000,000 b/d in 1980).....	6,035
Steel-tank storage of 12-months supply (8,000,000 b/d in 1975; 6,000,000 b/d in 1980).....	12,070
Shale Case I (improved technology in 1979) (105,000 b/d in 1975; 1,000,000 b/d in 1980).....	1,112
Oil-shale Case II (improved technology 1978) (105,000 b/d in 1975; 1,000,000 b/d in 1980).....	924
Exploration subsy Case I (5,500,000 b/d in 1982).....	19,844
Exploration subsidy Case II (5,500,000 b/d in 1982).....	33,398
Oil from coal (105,000 b/d in 1974 working up to 1,000,000 b/d in 1980).....	1,084

Source: Department of Interior staff report.

A 6-month backup supply for 1971-1980 is calculated to cost only \$3,492 billion. This is based on a steadily rising volume of oil, reaching a rate of 5,600,000 b/d in 1975 and 6,000,000 b/d in 1980. The storage would be increased in accordance with rising imports in order to provide the 6-month strategic reserve for use in case of supply disruptions.

To provide even stronger supply insurance, the cost would be about double, according to Interior estimates—\$6.983 billion. But that would be relatively cheap when spread out over 10 years for a 12-month emergency backup and with delivery rates at 8,000,000 b/d in 1975 and 6,000,000 b/d in 1980.

This is just slightly over half the cost for comparable steel storage.

And it compares very favorably with the other extreme computed by Interior economists—a reserve created by exploration subsidies. To provide a supply of 5,500,000 b/d in 1982, they say the Government would have to give wildcaters an estimated \$33.398 billion in subsidies over next 10 years.

The papers studied the program mix to equate the marginal cost of import controls and alternative programs.

The per-barrel cost for the present program is figured as the average cost in excess of \$2/bbl for the amount of domestic production attributed to import controls. Analysts assumed \$2/bbl as the delivered cost of foreign oil in the U.S.

The marginal cost of extra production varies from zero at U.S. points distant from tidewater to \$1.30/bbl on the East Coast.

Assuming inefficiencies due to proration no longer exist by 1975, Interior places the total cost of controls to the nation in 1975 at \$1.02 billion. This is for 1.51 billion bbl of additional domestic production brought forth under the umbrella of controls.

The cost to the nation is the "resource" cost—67¢/bbl in resources consumed to attain the added quantity of domestic oil. By 1980, the resource cost would be \$1.4 billion, or 68¢/bbl for 2.07 billion bbl of added domestic oil produced.

This estimated cost to the nation excludes the transfer payments from domestic consumers to producers and refiners.

Salt-dome storage. Most of the cost of the salt-dome storage alternative is imported crude oil—25¢ or two thirds of the 39¢/bbl cost.

This reflects the cost of \$2/bbl foreign crude amortized over 25 years at a 12% return.

Cost of reaching storage capacity and maintenance of an oil-recovery system, each with capacity of 5.25 million bbl, is 13¢/bbl. This assumes 5% of the stored oil could not be recovered.

Cost of operation, with facilities on standby, is set at only 1¢/bbl/year.

Salt-dome storage is held to be feasible, based on development of unused sites on the Gulf Coast. A survey by the Bureau of Mines in 1966 listed 130 salt domes, of which 24 had been developed for LP-gas storage. Most of the undeveloped domes are said to be large enough to accommodate two 5.25-million-bbl units.

They are located near existing transportation facilities and so are not considered to require major changes in the supply distribution system. Under this concept, Colonial Pipeline's products system, for instance, would be used for crude shipments from Houston to the New York area.

Oil from shale. Interior believes by 1980 the nation could have a shale-oil industry capable of producing 1,000,000-b/d.

The Government would have to build three prototype plants to demonstrate to private industry the viability of present technology, according to this study. These units would cost \$415,200,000, and create 105,000 b/d of productive capacity.

By 1974, Interior assumes private industry would start investing its own money in plants, reaching capacity of 900,000 b/d by 1980.

A government subsidy of 98¢/bbl would be needed for plants using present technology, according to the study, compared with a 12¢ subsidy for improved technology.

If improved technology is incorporated in plants coming on stream in 1978 (Case II in the study), the cost to the Government in 1980 would be 51¢/bbl. If improved technology is not introduced until 1979 (Case I), the cost to Government in 1980 is figured at 68¢/bbl.

Steel tank storage. Two-thirds of the cost of emergency oil in steel tanks is steel—66¢/bbl.

The carrying costs on 1.1 billion bbl of crude for strategic storage accounts for one-fourth of the unit cost, or 24¢/bbl/year for the \$2/bbl foreign crude assumed in the study.

Unit cost of operating the units is 8¢/bbl, or 8% of the total.

Oil from coal. Synthetic oil from this source can be produced for sale, FOB plant, with existing technology and credit for by-products, at \$3.35/bbl, Interior estimates.

Capital expenditures for a 100,000-b/d plant, the optimum size, is estimated at \$400 million, exclusive of mines and refinery facilities. Delivered coal at \$3.50/ton is estimated to be 35% of total cost.

Ten plants, providing 1,000,000 b/d of capacity, together with 30 large coal mines to supply them, would take \$4½ billion to \$5 billion in capital outlays, the study says.

Exploration subsidies. In computing this alternative, Interior used a finding-cost estimate of 93.4¢/bbl.

This was developed by Foster Associates, Inc., Washington, D.C., research firm, in a study for the Bureau of Land Management in 1967.

The figure includes all preliminary costs (scouting, geological and geophysical expenses, rental fees, and drilling), but not lease acquisition.

To develop 1,000,000 b/d of capacity for at least 1 year, Interior estimated that 3.650 billion bbl of reserves must be found (10 bbl of producible reserves for each bbl of first-year capacity, for a reserves-production ratio of 10:1. For 500,000 b/d of capacity, therefore, 1.825 billion bbl of reserves would have to be discovered.

Case I was calculated on the basis of fully supporting an existing industry one-half the size of the industry in recent years which found reserves at the rate of 3.3 billion bbl/year for the past 9 years.

Interior assumed that 2 years after the start of exploration (the lag between discovery and full development), and each year thereafter, the industry could add 500,000 b/d of reserves to excess capacity.

Costs are computed at 80¢/bbl for 3,500,000 b/d, and 95¢/bbl subsidy for 5,000,000 b/d in Case I. In Case II, the costs are placed at \$1.56/bbl at 3,500,000 b/d and \$1.64/bbl at 5,000,000 b/d, with a uniform finding rate of 1.825 billion bbl/year of producible reserves.

Other alternatives. Interior studied the costs of a strategic reserve through shut-in production, elimination of leasing charges, and elimination of tax advantages for foreign exploration and production.

The results showed none of these was a feasible alternative, Interior said. For instance, if federal leases were given away, the savings (from 12 to 27¢/bbl, or 10 to 23% of finding costs) wouldn't be enough to stimulate significant new reserves.

Consumer costs issue. The staff papers, developed by the Bureau of Mines Division of Mineral Economics, estimate the costs to consumers of import controls to be much greater than earlier figures given by the department.

The bureau economists projected costs to consumers of more than \$7 billion by the year 1975 and more than \$8 billion in 1980. Interior earlier placed the figures at \$2.2 billion to \$3.5 billion.

Interior's original filing assumed integrated companies would set the pricing pace under unrestricted oil imports. The latest analysis is based on the premise that product prices would be determined by independent refiners, who presumably would pass on full cost savings in raw material to the consumer.

John Ricca, deputy director of the Office of Oil and Gas, wrote the imports task force that the department has been unable to decide which analysis is correct. The second was passed along for the information of the task force.

But, Ricca added, consumer costs may not be the right basis for determining oil import revisions.

"The crucial measure," he said, "is the alternative resource costs to the U.S." This approach suggests a combination of liberalized controls with a strategic reserve in salt domes, according to the Bureau of Mines studies.

JERSEY SETS \$1.50/BBL COST ON VENEZUELAN CRUDE

Average industry costs for Venezuelan crude, 100 deepwater, are \$1.50/bbl, excluding rate of return on investment.

This estimate was given to the Cabinet Task Force on Oil Import Controls by Standard Oil Co. (N.J.) officials in a conference held at the request of the task force staff.

Jersey officials, headed by Executive Vice-President E. G. Collado, listed Canadian oil costs at \$1.27/bbl, including lease and bonus payments and royalty but excluding tax payments to the Canadian Government.

The Venezuelan figure included operating costs of 34¢, depreciation 20¢, and taxes 96¢. They excluded return, currently estimated at 20% of fixed assets on a revalued basis. The return would approach 30% without revaluation, according to a memorandum on the discussion filed by the task force staff.

The Canadian average reflects a wide spectrum of costs, according to Jersey Standard. They range from perhaps 75¢/bbl to well over \$2/bbl.

Lease and bonus payments are estimated at about 15¢/bbl and royalty 27¢/bbl.

The company doesn't believe that elimination or reduction of lease and bonus payments for future acreage and any benefits from ending prorationing would offset losses to producers if U.S. import controls were removed. These figures are behind Jersey's

forecast of reduced Canadian crude productivity if U.S. import controls are lifted as a result of the present review being undertaken by the White House.

Existing reserves in Venezuela do not permit any dramatic increase in producing capacity, according to the memorandum. South Lake Maracaibo and Gulf of Venezuela areas might add new production of 400,000 to 800,000 b/d, Jersey believes.

But any sustained growth of Venezuelan production will depend on exploration of new acreage and development of new reserves, the company states.

[From the Oil & Gas Journal, Oct. 6, 1969] OILMEN SHOULD GET READY FOR BIG BATTLE ON IMPORTS

All signs in Washington indicate that import controls on foreign crude are in deep trouble.

The cabinet task force now surveying the issue seems bent on proposing radical changes—or perhaps even outright abolition of all controls.

The report of the task force probably will reach the President by late autumn. So oil industry leaders thus have at least the next 2 months to do their homework for a possible showdown.

The turn of events is really not surprising. In the first place, the staff and leadership in the task force can hardly be called friendly to oil. The flavor of theoretical economics permeates the organization. Some of the academicians, judged by their writings, can be termed prejudiced against petroleum. Lack of expertise on oil matters is a striking shortcoming.

But even worse, the task force has approached its work from a perverse point of view. It has hunted out ways to relax controls. It has railed at high domestic oil prices and heavy costs to the nation.

It thus will be a miracle if the President is handed an accurate, balanced report with equitable and workable recommendations on which to base the nation's oil policy.

This is little short of tragic because a firm—but fair—policy is badly needed on imports. During the last administration, a series of special exceptions made a political football out of the control program. Many oilmen welcomed the move by President Nixon to take over import policy from Interior and to order a sweeping study of the entire issue.

These still believe a review of import controls is needed prior to making administrative changes. Their mistake was failure to insist that knowledgeable oil experts be included on the study group.

WHAT TO DO NOW?

The industry has no choice. It must fight all out at the presidential level if necessary to save the basic concept of controlling foreign imports. The mechanics of control may be altered or the level of control may be changed. But all controls can't be swept away; for if the gate is thrown open wide to foreign oil, the domestic industry will be turned into a shambles.

In the event of an unfavorable task force report, oil leaders must ask for the right to file answers. This will call for instant facts which should be collected starting right away on all possible situations.

Radical changes also should be anticipated and countered with prepared proposals favored by oilmen. Changes are coming—make no mistake. The oil industry must be certain that the changes do not wreck controls but do produce a policy that is fair to all elements of the public and industry.

This is certainly no time to throw this nation on the mercy of foreign oil. The fields of the Middle East, Africa or even some parts of South America were never more insecure from threats of war, revolution, guerrilla strikes, or political coups springing from religious, racial, and nationalistic hatreds.

The clinching argument for retaining import controls actually may be the news from Libya and elsewhere at the time the task force reports.

It might be noted that those with "lack of expertise" who have participated and filed formal statements with the Oil Task Force are—

The Department of Defense (according to this column, it evidently has no knowledge of national security) which stated that all Western Hemisphere sources of oil were secure and oil imports should be allowed freely from those areas; and also stated "our national security dictates that we have in existence dependable, capable and willing overseas sources to satisfy petroleum needs on a global basis." Defense also pointed out that more than 90% of the oil supplies for Vietnam have come from the Middle East, which the major oil companies claim is an insecure source.

The Department of Justice (apparently they have no knowledge of competitive forces in our economy) which stated "The present import control system imposes serious costs on the economy. . . . These costs would not appear to be necessary to the attainment of any reasonable national security goal—The import controls themselves do nothing to preserve this country's domestic oil reserves. . . . Improvement in competitive conditions by changes in present systems of control, by their elimination would be, in our view, of significant benefit to the nation's interest in low-cost energy supplies, effectively produced and distributed both in normal and emergency periods."

The Department of Interior (which used to be a captive of the oil industry program, but much to the surprise of oil men, has been producing a good deal of factual information lately), estimated that the oil industry program will cost the American people more than \$7 billion by 1975 and more, than \$8 billion by 1980 (see attached article from Oil and Gas Journal, 9-29-69).

[From the Oil Daily, Oct. 6, 1969]

THREE DEVELOPMENTS ACT AS CATALYSTS—OIL EXECS' MESSAGE ON IMPORTS SEEPS INTO WHITE HOUSE

(By Jim Collins)

WASHINGTON.—The deep and growing concern by oil executives that the Nixon administration has appeared to be heading for significant changes in oil import controls—perhaps even abandonment of those controls as now designed—has started to have some effect at the White House, the Oil Daily has learned.

Just what brought the situation to a head is not known for sure, but three developments in recent weeks may have acted as the trigger at the White House.

First, the task force staff came up with a wild estimate that North Slope reserves could be developed at a cost of 36 cents a barrel (not counting lease bonuses) and could be laid down on the East Coast of the U.S. for 96 cents a barrel.

Both figures are outside the realm of reality—far outside.

Evidence has continued to mount that costs will be much higher than 36 cents a barrel and that full development and transportation of the Prudhoe Bay oil will call for massive doses of capital investment.

The second major development which originated within the task force staff was to make the Charles River Associates study—done for the Office of Science and Technology in the White House—a "key" document of challenge to the industry.

The CRA study, in effect, found that oil import controls are too costly, unnecessary, and that national security supplies of oil could be stockpiled at lower costs, with a resultant sharp drop in domestic crude and product prices.

Oil companies faithfully commented, in detail, on the CRA report, as requested by the task force staff, and their estimates, unanimously, were that oil stockpiling would be extremely expensive, not in accordance with the need to maintain a viable domestic industry, with spare capacity, from well head to consumer, and would play havoc with the industry's economics, and the result would be less security for the nation that import restraints now provide.

Another recent development has been the clear conflict in estimates of oil import control costs, developed separately within the Interior Department by the Office of Oil and Gas and the Bureau of Mines.

The OOG figures, for 1975 and 1980, came to between \$2 and \$3.5 billion, respectively, while the Bureau's estimates added up to \$7 to \$8 billion, for those two years.

The Bureau's studies, contained in nine "monographs," found much lower costs for stockpiling oil in salt dome caverns along the Gulf Coast, to meet national security needs, and examined other possibly attractive developments of synthetic fuels, from coal and oil share, as safeguards against oil shortages.

All of these studies lent credence to the attacks made on oil import controls and state production controls before the Senate Anti-Trust Subcommittee earlier this year, and estimates by the subcommittee staff that import controls were "too costly" and that other approaches to national oil security were called for, including possible subsidies for drilling, synthetic fuel development and stockpiling.

Thus, faced with the clear probability that Congress will this year, or early next year, significantly trim current oil and gas tax incentives, oil men have reacted with disbelief, at first, then with the growing realization that oil import restraints might be junked.

It is known that in recent days, Phillip Areeda, staff director for the task force, has been at the White House for consultations on the oil import study.

Meanwhile, a meeting of the cabinet committee, scheduled for this week, has now been postponed for about two weeks.

A member of the staff insists that the meeting will be held "in the near future," and that a report will still reach the President about Thanksgiving but there was not the same note of confidence in the tone of his voice that there was earlier.

The man who will make the final decision is President Nixon. Will he be led down the primrose path by the cabinet members, relying on the Areeda staff, and believe that adequate supplies of oil and gas can really be developed to meet not only soaring peacetime requirements but emergency requirements—if both tax incentives and import curbs are drastically shaped?

The President, it is noted, has agreed to accept a cut to 20 percent in the depletion provision, and Treasury has made other suggestions for revisions in oil-gas tax rules, domestic and foreign, that would hit the industry with \$600 million more a year in U.S. income taxes.

The key question now has become: Will the President accept drastic changes in present national security oil policies—notably import controls—under the pressure of consuming-area Congressmen and Senators, particularly those in New England?

There is every indication now that the President has been made fully aware of the potential disaster facing the U.S. oil industry, if both tax incentives and import curbs are drastically revised at this time.

President Nixon has shown the ability to analyze differing points of view within his cadre of advisors on many issues, and has reached incisive decisions of a "moderate" political bent.

But, there are some doubts about his understanding of what makes the oil industry

tick—in view of his capitulation to the Congressional drive to reduce the depletion allowance for oil and gas, without even mild resistance, despite his pledges on this issue last fall and earlier this year.

Thus, until the final die is cast on the issue, no one can be sure whether President Nixon will recognize the imperative need to maintain curbs on the inflow of cheaper foreign oil. But, he apparently has become more interested in the issue, in recent days.

[From the Oil & Gas Journal, Oct. 13, 1969]
OIL IMPORTS REVIEW ENTERS DECISIVE PERIOD
THIS MONTH

(By Gene Kinney)

This is a big week in the policy review being conducted by the Cabinet Task Force on Oil Import Controls.

The President's designated cabinet officers are scheduled to get together at a hideaway for 2 days to begin grappling with issues raised in the review. Unless the study takes a new turn, the nation is in danger of abandoning the national-security concept it has embraced for 10 years. That is, it may get away from import controls as the means of avoiding the risk inherent in undue dependence on foreign supplies.

This is the clear direction of the review to date. It is reflected in "fact papers" developed by the academic economists on the task force staff. The one-dimensional review appears to be focused narrowly on the calculated cost to consumers of limiting imports from cheaper foreign sources, and ways of cutting that cost.

The staff, as evidence in the 30-odd papers circulated privately among federal agencies for comment last week, is leaning toward an alternative that will theoretically save consumers money—and will lift the lid on controls. The inclination is not yet ceased in the form of a recommendation. But it is foreordained in "factual conclusions" reached in the staff papers.

The staff still talks of preserving national security, which is the legal basis for limiting imports. But its arithmetic leads to a solution other than import controls—a huge and expensive stockpile of foreign oil stored here. It is made to appear cheap by amortizing the investment over 25 years. In calculating the savings, it ignores the loss that would come from devastation of the economies of key oil states and the damage to natural-gas consumers.

And storage offers a supply supplement only for a limited period—up to a year—the assumed maximum for any supply disruption. But where would the security be after that? Domestic capacity, greatly reduced by a break in prices sought by the task force staff, will not be there to take up the slack. There is a great difference between a stopgap supplement from storage and productive capacity for the future developed under controls.

Petroleum specialists in Defense, Interior, and State departments shudder at the thought of becoming dependent on insecure Middle East oil for a significant portion of U.S. supply. Whether their concern will be reflected at the cabinet level and translated into the report to the President is something else again.

The fear is that the task-force recommendation to the President will focus on alleged consumer savings rather than the more-relevant and much-lower figure of cost to the nation. Unless the White House itself prevents this, the President's options will be greatly limited. He will find himself trapped by the very politicians whose pressure helped to bring about the review in the first place.

[From the Oil Daily, Oct. 14, 1969]
IMPORTS STAFF PAPERS WILL REMAIN
UNDER WRAPS

WASHINGTON.—Roland Homet, counsel for the presidential oil imports task force, de-

clined at weekend to make public any of the three dozen, or more, staff papers drawn up and distributed to federal agencies for their comment.

Homet said that in some cases, the language in the "preliminary" papers distributed might have been overdrawn deliberately in order to stimulate comments from the agencies.

In other cases, he said, the subjects dealt with were still in a "grey area," and that additional clarifications would be required.

He thought it would be "unfortunate" if the papers should leak out, that it would only further complicate the work of the Cabinet committee.

Homet also declined to say when the next meeting of the Cabinet members is scheduled or where they will meet. He did say some reaction comments to the staff papers had been received, but he declined to say which agencies have filed, or on what subjects.

There was some indication that the work of the Cabinet committee may have slowed down, and that the original deadline for a report to the President might not be met.

Homet said that the Cabinet members expect to file their report with President Nixon "by the end of the year." The target date always mentioned, up until now, has been Thanksgiving, late in November. Homet said that every effort will still be made to file the report by that time.

"We are under some constraints," he commented, "to file a report with the President by the target date that was set last spring—about the 'end of November.'"

SUPPORT FOR LINKING RESERVE CREATION AND DEVELOPMENT ASSISTANCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 30 minutes.

Mr. REUSS. Mr. Speaker, in August the Subcommittee on International Exchange and Payments of the Joint Economic Committee issued a report urging serious study of the possibilities for using international reserve creation, in the form of SDR's, to finance increased economic development assistance.

The idea of linking reserve creation and development assistance was discussed extensively at the recently concluded IMF-World Bank annual meetings. Governors representing a number of developing countries voiced approval of a "link" and urged that study or other action toward its implementation be pursued immediately.

Representatives of only three industrial nations expressed an opinion toward linking reserve creation and development assistance. Italy favored such a mechanism, the Netherlands was opposed, and the United Kingdom's spokesman expressed hope that the distribution of SDR's would help create conditions permitting an increase in development aid. Both Mr. Schweitzer, Managing Director of the Fund, and Mr. McNamara, President of the World Bank, voiced concluding sentiments similar to the United Kingdom's position.

An international group of monetary experts convened last month by UNCTAD agreed that a linkage mechanism should be implemented and favored whatever variant would accomplish this objective most promptly. The Pearson Commission recently submitted its com-

prehensive review of aid policies, entitled "Partners in Development to the World Bank." This report also referred approvingly to the use of SDR creation as a means for increasing financial assistance to poor nations.

I submit for the RECORD relevant excerpts from the speeches of officials and Governors given at the Fund-Bank meetings; from the UNCTAD monetary experts' summary of their conclusions; from the Pearson report; and from my October 16, 1969, talk before the League of Women Voters Conference at Wing-spread, Racine, Wis.

SPECIAL DRAWING RIGHTS AND DEVELOPMENT ASSISTANCE, 1969

**EXTRACTS FROM ANNUAL MEETING SPEECHES
IMF: Mr. Schweitzer**

For a number of years past, progress in the liberalization of trade and payments and in the area of development assistance, which began so promisingly in the earlier postwar years, has been checked, in part by balance of payments constraints. With the resumption of reserve growth on a controlled basis, any such collective payments constraint should disappear. I believe that it would be appropriate if this were to be recognized in the actions of the leading trading countries. I should like to see a decisive check to recent tendencies toward backsliding in trade and payments liberalization. I should like to see a new forward thrust in the volume and quality of development assistance.

The Fund will continue to keep these matters under close review in its consultations with members. We will also be prepared to reinforce our collaboration with the international institutions which have special responsibilities in the field of trade and aid. The removal of remaining impediments in both these areas will be a major task of the early 1970's.

We must therefore insure that the new facilities which we have constructed are used for their underlying purpose. While the process of renovation and adaptation in the world monetary mechanism is not complete—or is ever likely to be—the framework now exists in which the pursuit of sound policies for internal and external balance can bring a period of calm and stability to financial markets.

Afghanistan: Mohammed Enwer Ziyae, Minister of Finance and Governor of the Bank

The close relationship between problems of economic development and monetary problems has been demonstrated again during the past year. As noted earlier, the growing cost of borrowing on the world's capital markets, where interest charges have reached unprecedented levels, is a major concern of developing nations. At the same time, world monetary developments have given increased cause for concern. The need for strengthening the present monetary system is apparent. Therefore, Afghanistan welcomes the approval of the special drawing rights scheme. We feel that until now, however, the opportunities to use the provisions of the scheme to generate development assistance have not been fully exploited and urge efforts to assure that the twin goals of liquidity and development be maximized. We are equally concerned about the decision to adhere rigidly to the Fund quotas in establishing the formula for drawing rights.

Algeria: Cherif Belkacem; Minister of State in charge of Finance and Planning and Governor of the Bank

I did not, of course, request last year that these special drawing rights should be used for development financing, since it might

then be alleged that they had been diverted from their purpose.

But the proposal I made, which I reiterate, is that the national currency counterpart of the allocation of special drawing rights be placed by the receiving countries at the disposal of the Bank and IDA, instead of returning to their national Treasuries. These institutions would thus have some \$9,500 million in additional resources at very low cost.

This solution, which accords perfectly with the Fund's statutory provisions on the instruments of international liquidity, calls for no sacrifice on the part of the industrial countries. It affects only their access to their share in the special drawing rights. Furthermore, since the equivalents in their national currency would in principle be utilizable only with their agreement, to finance purchases of goods and services from them, they would automatically receive the equivalent value in additional economic activity which, I think I have demonstrated briefly but clearly today, exerts a vigorous expansion effect and, in the view of one Minister of Finance, engenders additional tax receipts and new savings.

These considerations seem to me to be decisive and to override objections that the industrial countries would be able to make to my proposal.

Ceylon: U. B. Wanninayake, Minister of Finance and Governor of the Bank and Fund

I have, at each of these Annual Meetings, which I have attended since 1965, persisted in referring to the desirability of establishing a link between the creation of new reserve assets and the flow of resources for development. I am glad, indeed, that there now appears to be growing support for this proposal. It was clear to me that the volume and timing of new reserve creations should be determined strictly by global liquidity needs. The SDR scheme insures that this is so, but, once additional liquidity has been created, it is appropriate to ask whether the relief this would provide to the advanced countries should not be made an occasion for augmenting the much-needed flow of resources for development. The arguments in favor of this have been made elsewhere and I will not go over them again. I am aware that the present SDR scheme rules out the possibility of an "organic" link between liquidity creation and resources for development, but numerous methods could be devised by which the recipients of SDR's among the advanced countries could make a fair proportion of the additional resources accruing to them available for development financing. I am aware that this question has recently been studied in detail in other forums, notably by UNCTAD. I would wish to commend these ideas for further consideration and make the specific proposal that the Fund, possibly in collaboration with the Bank, make a complete study of this issue, and I do hope that concrete and practicable proposals would emerge out of this.

Chile: Carlos Massad, President of the Banco Central de Chile, and Governor of the Bank and Fund

Speaking also for Argentina, Bolivia, Brazil, Colombia, Costa Rica, and Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Philippines, Uruguay, and Venezuela.

The decision to activate the mechanism with effect from January 1, 1970 should help to brighten the future for the developing countries, which, because of insufficient international liquidity, have recently had to put up with trade requisitions and with the twin disadvantages of scarcity and high cost of capital to finance their development. It was a group of industrialized countries that originally decided on the amount

and distribution over time of the new liquidity, and its scarcity can henceforth no longer be an argument for limiting transfers of real resources to the developing countries and for imposing trade restrictions.

In view of the prospective first distribution of special drawing rights, which are assets received on a nonrepayment basis, it is timely to recall once again the need to increase contributions on concessionary terms, to the international financing agencies. Voices have raised in certain countries, and in agencies such as UNCTAD and CECLA, in favor of the idea of linking the creation of new liquidity, directly or indirectly, with the transfer of real resources for development. We support this idea, inasmuch as it implies an increase in untied loans and transfers and a long-term decision as to their amounts.

China: Kuo-Hwa Yu, Governor of the Central Bank of China and Governor of the Fund

If the institution of the SDR's helps in making more liquidity available to world trade as a whole, which we feel sure it would, and if it helps the key currency countries refrain from resorting to the measures destructive to world trade in a time of temporary balance of payment deficits, which we hope it would, it would seem logical to conclude that the creation of the new facility will prove to be beneficial to developing and developed countries alike.

Colombia: Abdon Espinosa Valderrama, Minister of Finance and Public Credit, Governor of the Bank

When the special drawing rights come into effect it will no longer be possible to point to a scarcity of international liquidity as the motive for decreasing the amount of loans or for failing to increase them. This applies even more to advocating interest rates so high that they undoubtedly prejudice development efforts.

Ethiopia: Menasse Lemma, Governor of the National Bank of Ethiopia and Governor of the Fund

I believe that the creation of special drawing rights is a step in the right direction and we are to approve it at this Meeting. There is no need to repeat the arguments for or against SDR's or to consider whether this scheme is a bonus for deficit countries. However, even at this late hour I would like to mention that a more equitable basis for the allocation of SDR's, taking into account the needs of the development countries, should be found. Should this not prove feasible at this stage, I would support the idea that an adequate percentage of the created SDR's be channeled in some way, perhaps through IDA, for development endeavors. If we fail in this objective, serious dangers and real perils that may hamper the efforts of the second Development Decade lie ahead. Economic historians may judge this Meeting severely should SDR's become identified in the mind of the people as a scheme devised for the benefit of the rich countries.

The Gambia: S. M. Dibba, Minister of Finance, Trade and Development, and Governor of the Bank and Fund

It is our hope that the increase in international liquidity through special drawing rights, while strengthening the international monetary system, will at the same time insure a greater transfer of resources to the developing countries.

Gabon: Augustin Boumah, Minister of Finance and Budget, and Governor of the Fund

(Speaking also for Cameroon, CAR, Congo (B) and Chad)

I have referred already to the question of special drawing rights. Permit me to return to it for a few moments, by way of transition, to affirm that our countries will par-

ticipate in this system, and to suggest that it would now be desirable to define the practical means by which a link could be established between the new reserve units and the expansion of aid to the developing countries. In this, we know that we can count on the enlightened assistance of the Managing Director of the Fund.

Ghana: Jones Ojori-Atta, Parliamentary Secretary, Ministry of Finance and Economic Planning, and Governor of the Bank

May I now turn to the question of the special drawing rights. By the decision of both the developed and developing countries to activate the special drawing rights, the members of the Fund have agreed to create a special line of credit which is an addition to international liquidity. But the main beneficiaries of this new reserve asset are the developed countries—the members of the big league. We had hoped that this would offer an opportunity to step up the volume of aid to the developing countries. What we find, however, is that the developed countries are refusing to consider linking SDR's with aid transfers to the developing world.

In spite of the legal limitations on the Fund as an institution, we would urge the Management to keep an open mind on the issue because we are convinced that some linkage arrangement is both justified and possible.

Greece: Emmanuel Fthenakis, Alternate Minister of Economic Coordination and Governor of the Bank

The question arises, however, as to whether in allocating the SDR's, special provision should be made for the developing countries, whose shortages of liquidity become acute in the conditions prevailing now in the international capital and money markets. The allocation of SDR's solely on the basis of the member's quotas in the Fund places the developing countries at a disadvantage. One wonders whether some method of allocation should not be devised in order to offset, to a certain degree, this disadvantage. At any rate, Greece wholeheartedly supported the decision to allocate special drawing rights and we now support the Managing Director's proposal for activation.

Guyana: P. A. Reid, Minister of Finance and Governor of the Bank

Guyana cannot possibly find, in its own resources alone, all the capital that is required to sustain a satisfactory rate of economic growth. It must therefore look abroad for a large part of the capital it needs for economic growth.

But my country is only one example. By far the greater number of the countries represented at this Meeting are in the same situation.

For these reasons Guyana supports the scheme of special drawing rights. The world economy must not be frustrated (by what is, after all, a mere liquidity problem) in its efforts to expand international trade and the flow of capital from developed to the underdeveloped countries. We must realize the world's full productive potential to the mutual advantage of all—both the developed and underdeveloped countries. But I confess to great disappointment that the scheme has not been weighted more toward its developmental potential.

India: L. K. Jha, Governor of the Reserve Bank of India and Governor of the Fund

Acceptance of the SDR scheme marks the beginning of a new era in internationally managed money. We, in India, have consistently lent our support to deliberate reserve creation as a major step forward in the direction of evolving a more progressive and more rational international monetary system.

Having said this, I cannot but share with my fellow Governors the concern we have felt over some aspects of the matter. All too often there has been a tendency to look at the SDR question as if it was exclusively an affair of the more developed and more advanced nations. A good deal of the discussion and the more crucial negotiations have taken place outside the forum of the Fund where no one from the developing world was present. As a result, the question of a formal link between the creation of international liquidity and development finance has been shelved, even though developing countries which account for over 80 per cent of our membership and at least some of the developed countries support it. We propose that this matter should be considered afresh. Some kind of a link should be forged between the creation of international reserves and the transfer of resources from the rich to the poor, particularly since inadequacy of reserves has in recent years been an important cause of the deterioration of the quality and quantity of aid.

Indonesia: Ali Wardhana, Minister of Finance and Governor of the Bank for Indonesia

We of the developing countries will not directly gain much from the activation of SDR's, tied as they are to our meager quotas. The Board of Governors of the Fund has, by adoption of the Amendment of the Articles of Agreement, rejected the idea of a linkage between SDR's and development needs. For the time being, this matter has to be considered closed. However, some basic inconsistencies will continue to attract the attention of economists and financial people. One may wonder if the distinction between liquidity needed for balance of payments and that needed for development purposes is not rather artificial, at least as far as developing countries are concerned. The balance of payments position of these countries does not as yet reflect the actual needs of their economy so that, in their case, balance of payments and development needs are more indistinguishable than in the case of the developed countries.

Another rather striking feature is that developed countries not in need of extra liquidity are receiving SDR's as well. It is true that their use is dependent on balance of payments needs, but, in ordinary life, an enterprise neither seeks nor obtains extra credit facilities from a bank if it has already ample means at its disposal. Instead of the present system of distribution, conceptually at least, it seems feasible to allocate SDR's only to countries in need of additional liquidity. We have taken a bold step unprecedented in monetary history; let us be open-minded in seeking to perfect it. In this respect, I would like to comment briefly on the idea of a transfer by developed countries of part of their SDR's, either directly or indirectly, to developing countries. Under the present Articles of Agreement this is hardly possible, but, if at any future date such action would be practicable, I hope that the amount transferred will be added to, and not included in, the 1 per cent of GNP urged by the United Nations. After all, the spirit of that recommendation is a transfer of national resources, not of resources created ex nihilo.

Israel: David Horowitz, Governor of the Bank of Israel and Governor of the Bank

A blend of my Proposal for access by developing countries to capital markets, with the use of new liquidity reserves for development, the special drawing rights and at least a maintenance of the current volume of grants-in-aid, could revolutionize the present state of affairs.

Israel: Zeev Sharef, Minister of Finance, and Governor of the Fund

I feel that one more reservation should be mentioned. In the contemplated SDR sys-

tem, no attempt is made to alleviate some of the special difficulties that the developing countries encounter in their foreign exchange reserves position.

We regret that suggestions to link the creation of the new "unearned" purchasing power with the general problems of developing countries have not been followed up. We assert that, after a decision on the creation of additional reserves has been taken—a decision which is based on the needs of international trade—the emphasis in allocation should be less on the existing wealth of individual countries and more on the needs of countries which are beginning their take-off.

Notwithstanding these reservations, however, it is our feeling that the actual implementation of the SDR system is the most important task ahead of us. Therefore we have voted in favor of the resolution as presented by the Managing Director of the Fund. We further hope that, in a few years, when the SDR's have become a permanent and accepted feature of international liquidity arrangements, it will be possible to reconsider the allocation system, and to attempt to achieve a solution that will also take into consideration the special needs of the developing countries.

Italy: Emilio Colombo, Minister of the Treasury and the Budget, and Governor of the Fund

On the subject of the relationship between the industrial and emerging countries, I suggested last year that, following each allocation of SDR's, the major industrial countries should agree to make, in a manner to be agreed upon, a contribution to the IBRD or IDA equivalent to a portion of each country's SDR allocation. This suggestion, which has also been discussed within the Group of Ten, appears to have received a very favorable response from the UNCTAD and has aroused interest in the Bank and its Affiliates. We continue to believe that it is worthwhile to examine the possibility of implementing this proposal. One of its advantages is that without the need to amend the Articles, some mitigation would be introduced of the rigidity of the parameter—the Fund quotas—which has been chosen as the basis for the allocation of SDR's. Balance of payments permitting, we do not exclude a unilateral implementation of this proposal.

Ivory Coast: Konan Bedie, Minister of Economic and Fiscal Affairs and Governor of the Fund

It has been said that the voluntary creation of additional liquidity within the framework of the Fund opens up a new era in the field of monetary cooperation and that it marks the accession of the international community to monetary civilization. There can be no doubt that this assertion would be even more true if the industrialized countries were to agree that a part of their SDR's be earmarked for the development of the third world countries, as have been proposed by Ministers Valery Giscard d'Estaing and Emilio Colombo.

Kenya: Bruce McKenzie, Minister of Agriculture, and Governor of the Bank and Fund

We welcome the creation of the special drawing rights and look forward to their activation, but we regret that it was not found possible to link the SDR's with development finance.

Luxembourg: Pierre Werner, Prime Minister, Minister of Finance, and Governor of the Bank and Fund

The SDR's cannot only act as a lubricant in a soundly developing international trade, but they might indirectly contribute to an improvement in the acutely shrinking capital markets.

Malaysia: Ali Bin Haji Ahmad, Assistant Minister of Finance, and Governor of the Bank

While we hope and expect this inequitable basis of allocating special drawing rights to be changed in the near future, we feel that the effects of this system should also be mitigated in the meantime. One approach that has considerable merit is for the major industrial countries to set aside for purposes of development aid the equivalent of a portion of what they will receive in special drawing rights. This is not a new proposal but one on which Governor Colombo of Italy has called for serious consideration at the last annual meetings.

Nepal: Yadav Prasad Pant, Governor of Nepal Rastra Bank, and Governor of the Fund

I strongly share the views expressed by the Governor of Indonesia to the effect that the balance of payments problems and development needs of developing countries are more indistinguishable than is the case with the developed countries.

I would therefore like to suggest that a part of the SDR's be passed on to the International Development Association to be used exclusively to finance development activities in the developing countries according to their resource needs, or that a separate arrangement be made in order to facilitate the use of an adequate portion of the SDR's to finance the development needs of the developing countries. Since all such countries will use the SDR's for paying for imports from the developed countries, the SDR's would ultimately be available to the developed countries. This increase in international liquidity as a result of the issue of the SDR's can make the maximum contribution to the expansion of international trade, while at the same time making possible an enlargement of aid to the developing countries.

Netherlands: H. J. Witteveen, Minister of Finance, and Governor of the Bank

Various suggestions have been made to establish a link between reserve creation and development finance, either by way of allocating special drawing rights to the Bank or IDA, or by way of joint action by industrialized nations to pass on part of their share in the special drawing rights to the developing countries, via intermediaries or directly. I see great objections to such suggestions. The function of international reserves is to be available in case of need for the financing of temporary maladjustments in the balances of payments of their holders and recipients, not to increase the flow of capital for development assistance which involves a long-term transfer of real economic resources that should be financed out of genuine savings. Otherwise it could become a source of inflation. Therefore, it might bring the whole action of reserve creation into jeopardy if part of the newly created reserves were to be used for whatever good purposes one might choose, but which are alien to their true function. Using special drawing rights to create the illusion of avoiding the burden of the real sacrifice involved in development assistance may be an alluring proposition but I have little doubt that this would mean rendering a very poor service indeed to the whole monetary system generally and the position of special drawing rights in that system in particular. I am afraid that the introduction of this device would degrade the new reserve asset, which—in my conception—should be as good as gold and reserve currency holdings.

Pakistan: Nawab Mozaffar Ali Khan Qizilbash, Minister of Finance and Governor of the Bank

The developing countries had in the past urged for a specific link between SDR's and development finance. However, even though the developed countries have not agreed to a formal link, they can help enlarge the

availability of development finance on better terms by making available to the developing countries a certain percentage of SDR's allocated to them.

Paraguay: Cesar Barrientos, Minister of Finance, and Governor of the Fund

Unquestionably, the special drawing rights, by supplementing existing reserve assets in gold and foreign currencies, will constantly guarantee an adequate level of international monetary reserves and, on being transformed into backing for international liquidity, will undoubtedly constitute, directly or indirectly, a most important aid for developing countries.

Peru: Francisco Morales Bermudez C., Minister of Economy and Finance, and Governor of the Bank

It would also be desirable to proceed with more ado to the activation of the credit system based on the special drawing rights (SDR's), which has been ratified by the majority of the member countries, including Peru. Rapid activation of this new mechanism is sure to be of particular importance for the developing countries, which are always the most seriously affected by the ups and downs of the international cycle and the lack of liquidity of the system.

Somalia: Suif Omar Mohamed, Minister of Finance and Governor of the Bank

Finally, I am pleased to note that Governor Colombo of Italy has this year again raised the important subject of the interdependence of industrial and developing countries. His suggestion that, when SDR's are allocated, each of the industrial countries should agree in a concerted formula, contribute to the Bank or IDA a portion of its SDR allocation, is of significant importance to the financing of these development institutions. I hope that other industrial countries will endorse this proposal of Italy's; and that those countries whose balance of payments position permit may take the lead in implementing this suggestion by the first allocation period of the SDR's.

Sudan: Mohammed El Mekkawi Mustafa, Minister of Planning, and Governor of the Bank

Yet it is disheartening to note that the share of the developing countries is going to be as meager as their rate of growth, which will aggravate the social and economic disparity between the rich and poor in the world community.

It is therefore earnestly hoped that some more equitable distribution will be found to favor the less-developed countries. It is further hoped that the developed countries, who will receive the major share of the new facility, will agree to establish a link between the creation of the SDR's and development financing. It is not asking too much to say that part of the additional resources created by the SDR facility should be directed toward development financing in the underdeveloped countries in order to offset the disappointing results of the United Nations Development Decade.

Syrian Arab Republic: Adnan Farra, Governor of the Central Bank of Syria, and Governor of the Fund

We regret, however, that the Amendment precluded the establishment of an organic link between the creation of SDR's and the provision of development finance to developing countries. It clearly implies that institutions that provide development assistance are debarred from engaging in operations and transactions involving SDR's. We feel, however, that the present Articles of Agreement of the Fund do not rule out two alternative versions of a link. The first version which was mentioned in a slightly different way by Minister Colombo of Italy during last year's Annual Meeting is that acts creating SDR's should be accompanied by

voluntary contributions to multilateral institutions engaged in development finance. These contributions should be made by the developed countries from their reserves and their size would be a uniform proportion of the share of each in the creation of special drawing rights. The second version, which is mentioned in a just-published report by an UNCTAD Expert Group on International Monetary Issues, is that developed countries should make contributions in their national currencies to IDA in a uniform proportion to their annual allocations of SDR's.

My delegation, therefore, urges the developed countries who are members of the Fund and who are the main beneficiaries of the creation of SDR's to consider the introduction of such a link at an early date after the activation of this new reserve asset. This would render the distribution of benefits from the activation of SDR's fairly equitable.

We hope, however, that the imminent allocation of SDR's and therefore the expected increase in international reserves would lessen the balance of payments constraint and bring about a genuine move toward achieving the 1 per cent target and improving the overall terms of development assistance.

Tanzania: A. H. Jamal, Minister for Finance, and Governor of the Fund

I regret that the opportunity has been missed to create a link between SDR's and the development needs of the world. Contrary to the belief expressed by the distinguished Governors of an advanced country, I believe that such a decision would have been less inflationary in its effect than the possible effects of the present decision.

Trinidad and Tobago: Francis C. Prevatt, Minister of State (Finance), and Governor of the Bank and Fund

The reason given by developed countries for their restrictive measures is their balance of payments position. We understand that the special drawing rights facility is primarily intended to relieve balance of payments pressures. Now that we have agreed to activate this facility, we look forward to the expeditious removal of these restrictive policies, especially as such measures, one adopted, tend to perpetuate themselves.

There is one feature of the special drawing rights facility to which I must refer. It has been very disappointing to developing countries that the developed countries could not establish a link between the creation of special drawing rights and development finance. It is unfortunate that while the developed countries were able to agree on the creation of a facility which will benefit them most, they could not establish a link to development finance which would be to the benefit of developing countries. However, we have not lost hope, as we acknowledge with gratitude the initiative of Italy in their proposal to allocate unilaterally the foreign exchange equivalent of a portion of their special drawing rights to the International Development Association or for investment in World Bank bonds. We hope that the consciences of the developed countries will be so moved by this example that the question of a link will obtain immediate study, and that a satisfactory solution will be found in the very near future.

United Kingdom: Roy Jenkins, Chancellor of the Exchequer and Governor of the Fund

Third, a word about the relationship of special drawing rights with development assistance. There has been disappointment in many developing countries that the SDR scheme as it has emerged does not provide for any formal link with aid. I do not wish to reopen this matter today, but although no formal link has been established, I am hopeful that the contribution of the SDR scheme to the world's liquid resources may help to create more favorable conditions for the growth of development aid.

Upper Volta: Tiemoko Marc Garango, Minister of Finance and Commerce, and Governor of the Fund

Speaking also for Ivory Coast, Dahomey, Mauritania, Niger, Senegal and Togo.

The member countries of the West African Monetary Union feel that this new addition to international liquidity, most of which will be allocated to industrialized countries, should facilitate the growth of world trade from which all developing countries would benefit. We hope that, through the special drawing rights, a supplementary solution will be found for financing balance of payments deficits, thus permitting the developed countries to contribute more to the financing of development aid.

We hope that it will be possible for the industrialized countries to consider opportunely the creation of an organic or other link between special drawing rights and aid to the third world. In this connection, we compliment and thank the Italian Government for its generous initiative, and we also welcome the interest shown in this problem by the Subcommittee on International Exchange and Payments of the Joint Economic Committee of the U.S. Congress. It is with the prospect of thus seeing a rise in the standard of living of all member countries, a fundamental objective of the International Monetary Fund, that the member countries of the West African Monetary Union are counting on taking the measures necessary to participate in the first allocation of special drawing rights.

Vietnam: Vu Quoc Thuc, Minister of State in Charge of Reconstruction and Development, and Governor of the Fund

Because of the availability of the new liquidity resulting from the implementation of SDR's, we also hope that more international resources will be available for development assistance. In this context, it may be desirable for the World Bank to undertake new measures to increase equity aid to developing nations, in order to compensate for the relative gain by the advanced countries as a result of the execution of the SDR's.

Yugoslavia: Janko Smole, Federal Secretary for Finances, and Governor of the Bank

Secondly, serious proposals have been received from various quarters to relate the special drawing rights to the financing of development. Whether this is done through a formal institutional link or through more informal arrangements is probably not decisive: what is decisive is that the world community cannot afford to miss this opportunity to increase the flow of resources for development, which we all agree is badly needed.

Zambia: E. H. K. Mudena, Minister for Development and Finance, and Governor of the Bank and Fund

Even at this stage, however, shades of differences of opinion might persist, as regards, say, the amount of special drawings rights to be created, or the length of the basic period, or the linking of special drawing rights with aid to developing countries. But I do not regard these as important. What is important is that a new instrument to meet the shortage of international liquidity has at last been forged and this instrument could, if considered desirable and in the light of experience, be reshaped according to the needs of the situation.

Looking at the special drawing rights from the point of view of the developing countries, to the extent that the special drawing rights promote international trade, developing countries could benefit. However, I would urge that special consideration needs to be given continuously to the problem of how the creation of new liquidity in the form of special drawing rights could be linked with the needs of the developing countries.

IMF: Mr. Schweitzer—Concluding remarks

Many Governors have expressed the hope that the increased reserve ease resulting from the allocation of special drawing rights should lead to an expansion of development aid. I share this view. I believe, as I said on Monday, that conditions should now be favorable for a major improvement in the volume and quality of development aid and for a decisive check to regressive tendencies in trade and payments liberalization.

IBRD: Mr. McNamara—Concluding remarks

I recognize there is a division of opinion among the Governors as to whether there should be a formal link between the new special drawing rights and development assistance. However, I have taken particular note of the view of the Chancellor of the Exchequer of the United Kingdom, when he said: "Although no formal link has been established, I am hopeful that the contribution of the SDR scheme to the world's liquid resources may help to create more favorable conditions for the growth of development aid." A similar view was expressed by Governor Colombo of Italy. This thought was echoed by a number of other Governors and it is a view I share.

[Excerpt from United Nations press release issued Sept. 25, 1969]

UNCTAD EXPERT GROUP ON INTERNATIONAL MONETARY ISSUES CONCLUDES SESSION—RECOMMENDS LINK BETWEEN NEW RESERVES AND DEVELOPMENT ASSISTANCE

A group of experts appointed by the Secretary-General of the United Nations Conference on Trade and Development (UNCTAD) has recommended that a link should be established between the creation of new international liquidity in the form of special drawing rights (SDRs) and the provision of additional development assistance.

The group, which concluded its nine-day session today, emphasized that, while purely monetary considerations should determine the amount, the timing and the allocation of special drawing rights to be created, it was both feasible and desirable to introduce a link between international liquidity and provision of development finance.

The group considered two main approaches to the implementation of the link proposal. The first would involve a direct contribution by the developed countries to the International Development Association (IDA) of a uniform proportion of their annual allocations of SDRs, while the second would require contributions of national currencies to the IDA by the same set of countries in a uniform proportion to their annual allocations of SDRs.

Both approaches were considered technically feasible by the group. In view of the urgency of increasing the flow of aid, the group favored whichever approach to the link would secure the requisite agreement of governments most readily.

[Excerpt from "Partners in Development," report of the Pearson Commission, p. 225]

Turning to other possible means of funding IDA, it has been suggested that contributions to IDA should increasingly be made in the form of interest-free fifty-year loans rather than grants. This has already been done by Switzerland. Although we believe that the traditional method of replenishing IDA by subscriptions of grants is preferable, it is possible that a more general recourse to such loans would make it easier for some governments with budgetary problems to meet their share in an expanded IDA.

Another way of increasing the resources available to the Association might be for the governments of developed countries to make available to IDA part of the Special Drawing Rights which they are allotted in the Inter-

national Monetary Fund. The activation of the SDR scheme is an important step in the evolution of the international monetary system. However, it amounts to creation of several billion dollars of additional purchasing power which, as the system evolves cannot fail to raise the suggestion that a larger fraction of such purchasing power should be steered to developing countries. (Under present arrangements, developing countries would receive only about one-third of the SDR's.) This is not to say that the magnitude of the desirable increase in world liquidity should be determined by IDA's requirements. But when the scale of the issue of SDR's has been decided on appropriate grounds, there are strong reasons of simplicity and equity for the developed countries to relinquish a part of their quota of the new reserve medium in favor of the less developed countries. IDA may be a channel by which the contribution of the resources to development could be assured, and proposals for making use of this channel in this way are worthy of further study.

DEVELOPMENT AID AND INTERNATIONAL MONETARY CREATION: A MARRIAGE OF CONVENIENCE

(Address by Representative HENRY R. REUSS, of Wisconsin, to League of Women Voters conference, Racine, Wis., October 16, 1969)

This is the U.N. development decade. This is the decade in which the developed world was supposed to contribute 1 percent of its gross national product to the developing world. The decade is ending, unfortunately, not with a bang but with a whimper.

Public outflows to the developing world from the 16 richest non-Communist nations are today .39 percent of the donors' GNP. Including private flows brings the total to barely .75 percent. And the United States is contributing a smaller proportion of its GNP—.35 percent—than countries like the United Kingdom, France, Belgium, West Germany, and the Netherlands. The foreign aid request now before the U.S. Congress is the lowest in 20 years.

The Pearson Commission recommends that official aid, as a percentage of GNP, increase from its present .39 percent to at least .70 percent by 1975.

The current shortfall of development assistance comes at a time when populations are increasing; at a time when the burden on the developing countries to repay their loans is getting heavier every year; and at a time when their capacity to absorb development aid is at an all-time high.

The great hope for multi-lateral, capably administered, long-term concessional foreign aid is the International Development Association, now in its tenth year. But IDA is now substantially broke. The actual rate of the IDA reimbursement now undergoing approval is only \$400 million a year for three years, of which the United States' share is \$160 million a year. World Bank Presidents George Woods and Robert McNamara have urged that IDA have at least \$1 billion yearly of aid-giving funds. The Pearson Commission recommends that IDA lending be expanded to \$1.5 billion yearly by 1975.

While the developing nations in general, and IDA in particular, have been defaulting, a hopeful development has been going on in another branch of world economics—international monetary reserves. Confronted by the prospect that foreseeable world reserves of gold and dollars will be inadequate to finance world trade and investment, the International Monetary Fund in Rio in September, 1968, agreed on an amendment to supplement gold and dollars—sterling as reserves by distributing special drawing rights to its members. On July 28, 1969, the Rio agreement was ratified. The September, 1969, IMF meeting approved a three-year allocation of SDR's of \$9.5 billion. Paper gold will thus be distributed next January.

These SDR's will not be "earned" by their recipients, but will be distributed among them in proportion to their IMF quotas. Inevitably, this means that the rich will get richer, and the poor will get the crumbs. The industrial nations of Europe, United States, Canada, and Japan will get 64 percent of the new reserves. The United States and the United Kingdom alone will receive 36 percent. The remaining roughly one-third of the new manna from heaven will be distributed among the non-industrialized 90-odd members of the IMF.

Such an unequal distribution of SDR's cannot help but rub salt in the wounds of developing countries already disappointed by the outcome of the decade of development. But perhaps we can pluck from the nettle of frustration the flower of opportunity.

The Congressional Joint Economic Committee, through its Subcommittee on International Exchange and Payments, last August recommended a marriage of convenience between development aid and the new SDR's. Briefly, we recommended that the 18 wealthy members of the IMF (the United States, Canada, the countries of Western Europe, Japan, Kuwait, South Africa, Finland and Australia) direct that 25 percent of their special drawing rights allocations be retained by the IMF to finance expanded IDA development aid. The Pearson Commission felt that the proposal was "worthy of further study". More than a score of world bank governors, mostly from the less developed countries, endorsed the proposal at the September, 1969, annual meeting. The Brookings Institution is setting up a study group to work out in practical detail how the proposal might be carried out.

Here are some advantages of the proposal:

1. *It Would Double IDA's Lending Capacity, Approximating the Recommended \$1 billion Annually.*

As I have said, the present IDA replenishment of \$400 million annually is far less than the \$1 billion annual replenishment the World Bank feels is the minimum needed.

The SDR linkage proposal, assuming all 18 donor countries agreed, would result in 25 percent of their annual allocations' being assigned to IMF/IDA. The prospective SDR allocations to these 18 wealthy countries would be \$2.15 billion annually. 25 percent of this would be nearly \$540 million annually. This is more than double the present IDA-lending capacity, and would bring IDA's total lending capacity close to the recommended figure of \$1 billion annually.

2. *It would Obviate the Balance-of-Payments Problem Which Inhibits Present Aid-Giving.*

A donor nation's weak payments position today frequently furnishes an excuse for curtailing its economic development assistance. Linking SDR's to development aid would effectively remove the balance-of-payments problem from the IDA sector of development aid.

In the first place, the participating donor countries would be cutting themselves off at the source from only 25 percent of SDR's. To this element, they would be in a position similar to that of a donor in the United States who immobilizes a portion of his anticipated income by participating in the United States Savings Bond payroll-deduction plan. The donor nations would, of course, receive 75 percent of their tentatively allocated SDR's, and would thus be in that much better reserve position than they are now. Thus the linkage proposal substantially eliminates the balance-of-payments problem—although, of course, one can always say that even wealthy countries would always like to get that extra 25 percent of new reserves without earning them, as well as the 75 percent they would get anyway.

In the second place, even the 25 percent of reserved SDR's will shortly come back to the developed donor countries overall, although whether each such country gets back

its 25 percent share depends on its competitive ability to sell the goods the developing countries need.

3. *It Would Obviate the Present Practice of Tying Aid Purchases to the Donor Country, thus permitting Recipients to Buy in the Cheapest Markets, and Donors to Obtain the Benefits of International Competitiveness.* The linkage proposal, in addition to substantially removing the risk of adverse balance-of-payments consequences, would thereby also avoid the need for present aid-tying practices in so many developed countries. These practices not only increase the cost of development aid to the developing countries, but diminish the incentive in the donor nations to fight inflation by remaining competitive.

The quantity of SDR-financed purchases made in a particular nation will be governed by that company's competitiveness as a supplier of goods and services demanded by developing countries. Price, the speed of delivery, and the availability of service are all important elements of a supplier's competitive position. Thus, there is no reason to expect that SDRs donated to IDA through IMF by a particular industrial country will in fact be spent for exports from the same country. If an industrial supplier is highly competitive, SDRs donated by other nations may be used to purchase its exports. Conversely, if a donor is not competitive, the donor would be unlikely to earn SDRs that it or any other nation had given to IDA.

The spur to competitiveness inherent in the untied-aid SDR linkage proposal should produce an anti-inflationary effect on the developed countries to counteract any inflationary effect inherent in the extra \$540 million overall demand by the developing countries on the industrial capacities of the 18 donor countries. Of course, fulfillment of the one-percent-of-GNP commitment implies that industrial countries must pursue sufficiently sound fiscal and monetary policies so as to retain some reserve of unemployed resources after satisfying domestic consumption and investment demand and after any commercial export surplus. Otherwise, they would have no reserve capacity to produce gifts of goods and services for developing nations. But an additional development aid demand of one-half a billion dollars a year is not likely to be the inflationary straw that breaks the camel's back in the developed countries, with a total annual GNP amounting to two thousand billion dollars!

4. *It Would Eliminate the Present Need for Domestic Budgeting and Taxation in Order to Provide Development Aid.*

Present foreign aid practices, whether bilateral or through contributions to an international lending agency like IDA, require that Congress, and other national legislatures, include foreign aid in the regular budget, and levy taxes to pay for it. Under the linkage proposal, international monetary expansion—already agreed to by the SDR amendment—would provide the financial wherewithal for this foreign aid. Domestic budgeting and taxation would not be needed. This assumes, of course, that the donor country will take adequate expenditure, taxing, and monetary measures to assure that its economy does not overheat beyond a full-employment-without-inflation level. But the taxes so levied would be not for foreign aid, but to reduce private spending to non-inflationary proportions.

5. *It Would Eliminate the Need for Annual Legislation Inherent in Bilateral Aid-Giving.*

The United States Congress, and many other legislatures, now funds its bilateral aid on an annual basis. Contributions to IDA and other international development banks are usually funded on a three-year basis.

Annual funding, with its on-again-off-again uncertainties, impedes the rhythm of economic development, and thus wastefully adds to its cost.

While the consent of Congress, and of some other national legislatures, would be required for ratification of the proposed linkage amendment, this would be on a once-and-for-all basis, rather than an annual basis. Precedents for such an open-ended Congressional authorization are contained in the legislation setting up the United States Stabilization Fund of 1933; in the Federal Reserve legislation which permits the Federal Reserve System to engage in a continuing series of multibillion dollar "loans" and "swaps" for international monetary stabilization; and in the Special Drawing Rights amendment itself, which Congress approved, permitting the executive to agree to annual allocations of SDR's without further reference to Congress. Congress could at any time, of course, vote to rescind United States participation, from that time on, in the linkage amendment.

6. *It Would Meet the Demands of Developing Countries for More Assistance in a Constructive Way, and Would Alleviate the Rich Man's Club Aspect of the Present SDR Allocation.*

The proposed link would help offset the tendency of the SDR amendment to distribute the preponderance of these new claims to wealthy countries, and at no real cost to them. While logical arguments can be advanced to support distribution of SDR's strictly according to IMF quotas, this arrangement appears discriminatory. It will intensify antagonisms on the part of developing nations towards wealthy members of the IMF. The distribution mechanism can be modified to permit industrial nations to earn some of their * * * of services and capital goods to developing countries, rather than receive all of them as manna from heaven, without altering the fundamentals of the Special Drawing Rights agreement.

Possible objections to the proposal seem to me answerable:

1. *"It Will Cut Down the SDR's the Wealthy Will Receive"*. Yet each wealthy country will receive 75 percent of its anticipated SDR allocation, and the wealthy countries together will very shortly receive the remaining 25 percent through development aid orders. Thus the wealthy together will receive all their expected windfall.

2. *"It Will Cause Inflation in the Donor Countries by Expanding Demand from the Developing Countries"*. In fact, the modest additions to worldwide demand created by the linkage agreement are tiny in relation to the combined industrial capacity of the donor countries.

Moreover, there are adequate defenses for each individual donor country against the inflation-producing demand engendered by the linkage agreement.

In the first place, each donor country, in this modern age, has the fiscal and monetary weapons to combat demand inflation.

It is true that if the level of national output is continuously maintained at the full-employment level, any expansion in the quantity of goods and services given to developing countries entails an equivalent sacrifice of domestic consumption or investment. But no industrial country is able to maintain full employment continuously, and during periods when domestic resources would otherwise be unemployed, development assistance cannot be considered a real cost.

The entire industrialized world has never, except perhaps during World War II, produced at a level such that no further increase in real output was possible. At any given time, a reserve of unemployed resources will almost certainly be available in Japan, North America, or Western Europe.

When the industrial resources producing goods as aid would otherwise have been unemployed, everybody gains. Economic growth in developing countries accelerates, and the industrial country producing the exports will also benefit. The exports are produced at no real cost to the suppliers. Moreover,

export orders that bring unemployed labor and plant facilities into use create beneficial domestic multiplier effects, which in turn create still more jobs. Thus, even after making a gift of exports, the industrialized country extending aid may well benefit in terms of increased domestic consumption or investment.

In the second place, an industrial nation suffering from persistent export surpluses and inflation can resort to a number of techniques to discourage additional export orders from developing countries. The government can informally urge domestic manufacturers to refuse additional orders or state very long waiting periods for filling them. It can impose export taxes or statutory export embargoes, or it can revalue its currency upwards. If the world moves toward somewhat greater exchange rate flexibility, such revaluations would become less painful than at present.

3. *"It Will Create Pressures for Issuing Excessive Amounts of SDR's, Thus Compromising Their Acceptability."*

While there is no undisputed criterion that can be used to determine what would be the exactly appropriate quantity of SDR's to distribute, small differences in the quantity supplied will probably not have a noticeable impact of their acceptability. As is widely recognized now, the acceptability of SDR's does not depend upon any assets used to back them. In fact, there is no backing as such, and the acceptability of SDR's depends upon the commitment of the IMF members to honor these instruments in the settlement of international payments surpluses and deficits.

The quantity of SDR's distributed, under both the SDR amendment and the linkage proposal, should be determined solely according to the needs of the international monetary system, as determined collectively by the members of the IMF. Under no circumstances should the future usefulness of the SDR facility be impaired by excessive distributions, especially at the outset. The long-range benefits that the less-developed countries could derive from a linkage mechanism would be seriously impaired if the acceptability of SDR's were undermined. One can therefore sympathize with those who favor a cautious approach until Special Drawing Rights have been accepted as a permanent feature of the international monetary system.

While the needs of the international monetary system should exclusively determine the amount of SDR's distributed, the 85 percent majority required by the SDR amendment for determining the quantity assures that the linkage proposal would have no significant impact on the size of SDR distributions. Since countries with only 15 percent of the voting power in the IMF can veto an SDR distribution that these nations consider excessive, the more likely danger is that not enough, rather than too many, SDR's will be created. Given this stringent veto provision, the danger that the developing countries could control or substantially influence the size of SDR distributions seems far-fetched.

If the developing countries desired to expand the quantity of SDR-financed real resource transfers in their behalf, they would enjoy a much greater likelihood of success if instead of lobbying for an increase in the total quantity of SDR's distributed, they urged individual industrial states to increase the 25 percent proportion of SDR allocations donated to IDA, or to put up a fixed amount, like \$1 billion a year. In the absence of any fixed relationship between total SDR distributions and IDA donations, any attempt to increase development assistance through pressure for larger total distributions could be counterproductive.

4. *"It Will Cause Legislatures in the Donor Countries to Lose Control Over Foreign Aid."*

while the assent of Congress, and of other national legislatures where required, would be necessary only in order to inaugurate the linkage amendment, Congress and the other legislatures could at any time vote to withdraw from, or to alter, the linkage proposal.

Thus a marriage between development aid and monetary reform is an idea whose time will surely come. All that is needed is a statesman or two willing to try his hand at marriage broker.

THE FCC—REGULATOR OR REGULATED?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 10 minutes.

Mr. GONZALEZ. Mr. Speaker, the Federal Communications Commission is celebrated as an agency that has become the captive of the industry it is supposed to be regulating—it not so much regulates as it gets regulated, so to speak. Its constituents are not the people who own the airwaves, but the broadcasters who use those airwaves. There seems always to be one Commissioner—somehow the number never exceeds one—who demands that the FCC get bold, that it be activist, that the quality of programming should rise, that indeed the FCC should demand better programs, and who in general makes pointed speeches and writes eloquent and sometimes even moving dissents. But somehow the FCC remains the same, and nothing ever really happens.

A question that interests me very much is whether or not broadcasters have the responsibility to tell the truth in their news and documentary programs. The actions of the FCC to date seem to indicate that the Commission feels that broadcasters can say what they want to, true, false, or in between. The Commission will grant that a particular story is false, or a particular film slanted or distorted, but is unwilling to demand that any corrective action be taken. It is unwilling to guarantee that the public be told the truth.

I could understand the Commission saying that a live news report can carry commissions of fact or even errors of fact, because there are situations where a reporter could not be reasonably expected to be able to ascertain all the facts of an event. It is hard to get a clear picture in the midst of a riot. However, there are also situations where the broadcaster can be expected to know the truth, and should be responsible for sticking to it. Unlike a live event, a documentary film is produced more or less at leisure, and there is ample time to establish the facts and obtain a balanced, reasonably objective view of events. Yet the FCC says that a documentary program can contain blatant errors of fact, be grossly distorted, and still be a good news production. The logic of this escapes me. Yet this is precisely what the Commission seems to have said in its refusal last week to undertake so much as a hearing into the CBS "Hunger in America" show, which opened with a shocking but patently false scene purporting to show an infant dying of hunger.

The simple fact is that the FCC either

does not know its responsibility or is powerless to act. It looks as if the Commission is powerless to act, since I am unwilling to concede that it does not know its responsibility. I think that the evidence over the years is overwhelming that the FCC is paralyzed, powerless to regulate the industry of broadcasting. The Commission is simply a captive; it has no effect beyond its ability to allocate broadcast bands in various areas, and I think that it would not even be able to exercise this power if the industry did not know that regulation is essential to keep the air from being overwhelmed with conflicting signals, which would ruin their product. So they suffer that much regulation. Beyond that, I cannot understand what net effect the FCC has on the quality of broadcasting, on the public service required of broadcasters, or in the protection of the public interest in broadcasting. I think that it has none, or so little that it is not noticeable. Mr. Speaker, I take the liberty of calling the attention of the House to a letter I have just sent the Chairman of the FCC:

OCTOBER 21, 1969.

HON. ROSEL H. HYDE,
Chairman, Federal Communications Commission, Washington, D.C.

DEAR MR. HYDE: I understand from press reports that the Commission has decided, by a 7-0 vote, not to take any further action with respect to untrue and distorted statements in the CBS production "Hunger in America." I have not yet received a copy of the decision, and am disappointed that the Commission has not yet furnished me a copy, despite my well known interest in this case.

I believe that the Commission action in this matter is erroneous.

In cases where television news is covering live events, it is probably inevitable that occasional errors of fact are reported, and it is understandable if in the heat and pressure of events a reporter distorts his story. However, in the case of a documentary, where there are no such pressures of time and events, there is ample time for the reporter to check his facts and to obtain a clear viewpoint. The "Hunger" show was no live report of a riot, but an investigative report supposedly put together after careful study. Yet "Hunger in America" opened with a scene which all agree was a wild error, selected for shock value more than for any information that it could have conveyed. Aside from this, the show contained numerous other falsifications and distortions. Yet the Commission is unwilling to take any kind of stand or any kind of action on such shows. The public is left at the mercy of the networks, whose sense of rectitude is well known to be controlled more by ratings and sales than by any desire to inform or enlighten the public.

The Commission has erred in this case, and I am deeply disappointed, not because my point of view has been ignored by you, but because the Commission has chosen to ignore the rights of the public to be informed rather than misinformed, and the responsibility of the networks to convey the truth rather than convenient distortions of it.

I firmly believe that the "Hunger in America" show might have been even more devastating than it was, had the producers elected to stick to the facts. Unfortunately, their sense of showmanship intruded into their judgment more than it should have, and now the Commission has blessed ledger-deman in the name of social concern.

Sincerely yours,

HENRY B. GONZALEZ,
Member of Congress.

THAILAND HAS BEEN A VERY GOOD FRIEND TO THE CAUSE OF FREEDOM

(Mr. SIKES asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. SIKES. Mr. Speaker, the current discussions about Thailand and the United States on the partial withdrawal of U.S. forces stationed there may leave a confused picture of the role the Thai have played in the Vietnam war. Actually, Thailand has made outstanding contributions to the allied cause, both in South Vietnam and in the Republic of Korea, and, in addition, Thailand has taken a leading role in the area of Asian regionalism.

In plain English, the Thai have taken a calculated risk which would have exposed them to harsh repercussions from Communist nations had the war gone sour for the allied cause. More than any countries other than South Vietnam and South Korea, Thailand has directly assisted the allied military effort. The United States has had the use of Thailand bases and staging areas which have made possible great savings in time, manpower, and equipment. Even more significantly, the Thai have permitted the involvement of important military forces of their own in the fight against Communism.

A very real debt of gratitude is owed to the Thai Government and the Thai people for their support of our objectives. It is important that the American people realize that they have put much more on the line in our behalf than was required and that this support should be considered in our future dealings with Thailand. This strong little country is on the Communist blacklist because of its friendship for us.

I mentioned Thailand's role in the area of Asian regionalism.

East Asian nations generally are divided by differences in language, culture, and often history. Though often thought of collectively, there are, in fact, few inherent bonds tending to tie these nations together. The security of this part of the world depends on positive efforts toward promoting regional cooperation to overcome the Balkanized situation in the area, which weakens each individual nation, makes them easy targets for external domination, and militates against U.S. interests in this part of the world.

Encouraging Asian nations to look at each other for mutual assistance has long been a policy of the United States. It is thus in the national interest of the United States to support the concept of regionalism in this area so as to strengthen the self-reliance of the area nations as well as the area as a whole and reduce their dependability on external assistance.

Thailand, more than any other country in Southeast Asia, has recognized the immediate need for and potential benefits to be derived from regional cooperation. It was one of the original signatories of the Southeast Asia Collective Defense Treaty and has provided SEATO the treaty's organization, with, among other things, two secretaries-general and the organization's headquarters. The

Thai have continued to take an active role within SEATO and have worked to assure the viability of the organization.

Thailand has been a motive force in the formation of several strictly regional groupings such as the Association of Southeast Asian Nations—ASEAN—and the Southeast Asia Ministers of Education Council—SEAMEC. Bangkok serves as the headquarters for a number of regional organizations, including the United Nations Economic Commission for Asia and the Far East—ECAFE—the Asian and Pacific Council—ASPAC—Economic Center, and SEAMEC. A number of United Nations specialized agencies—FAO, UNESCO, UNICEF, ILO, and so forth, have their Far East area headquarters in Bangkok.

In addition to its membership and participation in regional organizations, Thailand has made significant contributions on an ad hoc basis to the restoration and maintenance of peaceful relations among the nations of the area. In the period from 1963 to 1966, when Indonesia was involved in its "confrontation" with Malaysia, and relations between the Philippines and Malaysia had been suspended over the Sabah question, Thailand actively sought to mediate these differences. Their efforts were rewarded in 1966, when the Philippines and Malaysia reestablished normal diplomatic relations, and when, following a conference held in Bangkok, hostilities between Indonesia and Malaysia were brought to an end.

Thus, I think it obvious from every standpoint that America needs a clearer understanding and appreciation of the role Thailand plays in Southeast Asia. Thailand has indeed been a good friend to the cause of world freedom.

PANAMA CANAL MODERNIZATION GEARED TO WORLD TRADE NEEDS

(Mr. FLOOD asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FLOOD. Mr. Speaker, in a statement before this body in the CONGRESSIONAL RECORD of February 19, 1969, entitled "Panama Canal Modernization: Time for Action Has Come," I summarized the principal elements in the canal problem and emphasized the Terminal Lake-Third Locks modernization plan as providing the best solution from all significant points of view. The remarks made on that occasion were not "off the cuff" words but the considered conclusions of qualified experts, including experienced officials and other employees of our Government concerned with the maintenance, operation, sanitation, protection, and defense of the canal.

Appropriate bills for the needed major increase of transit capacity and operational improvement of the Panama Canal have been introduced in the present Congress, both House and Senate. The solution contemplated in them provides not only the best solution but also protects the best interests of Panama

and the United States as well as Inter-oceanic Commerce and Hemispheric Defense.

It was, therefore, with the greatest interest that I read in a 1968 issue of the Christian Science Monitor a most illuminating historical article by William B. Collier of Santa Barbara, Calif., in which he summarizes the key features of the Terminal Lake-Third Locks plan, which he advocates as being geared to world trade needs.

In this connection, I would emphasize that a total of \$76,357,405 was expended on the suspended Third Locks project before construction on it was suspended, with completion of lock site excavations at Gatun and Miraflores for a set of larger locks. With the completion of the current enlargement of Gaillard Cut scheduled in 1970 at an estimated cost of \$81,257,097, the total expenditures for the major modernization of the existing Panama Canal will total more than \$157,000,000, which is too great a sum to be ignored.

Mr. Speaker, as the indicated article by Mr. Collier will be of great interest to all Members of the Congress concerned with canal problems and navigation interests that have to pay tolls, I quote it as part of my remarks, as follows:

[From the Christian Science Monitor, Oct. 7, 1968]

PANAMA CANAL MODERNIZATION GEARED TO WORLD TRADE NEEDS

(By William B. Collier)

Ever since Ferdinand de Lesseps embarked upon his unsuccessful undertaking to dig a sea-level canal connecting the Atlantic and Pacific oceans, visions of a Straits of Panama with oceangoing vessels steaming majestically through the Isthmus of Panama have captured the imaginations of many people.

Unfortunately, those who favor such a dream fail to accommodate to the facts of the situation. First, the tides at the Atlantic and Pacific ends of the canal differ greatly in magnitude. At Cristobal on the Atlantic side the extreme range is seldom more than three feet; at Balboa on the Pacific side the extreme range is well over 22 feet. Also, they lack respect for the forces of nature, so often exhibited at Panama in the move of massive landslides.

The basic principle for the best and most economically feasible method of transiting ships across the Panamanian mountains was the first proposed to Ferdinand de Lesseps and the International Congress for Consideration of an Inter-oceanic Canal at Paris by Adolphe Godin de Lepinay in 1879.

He alone, among all the French engineers, knew the topography, the nature of the torrential floodwaters of the Chagres River, and the necessity of controlling it. With the vision and simplicity of true genius he proposed: "Build a dam at Gatun and another at Miraflores or as close to the seas as the configuration of the land permits. Let the waters rise to form two lakes about 80 feet high, join the lakes thus formed with a channel cut through the continental divide, and connect the lakes with the oceans by locks. This is not only the best plan for engineering but also best for navigation."

FUNDAMENTAL PLAN NOTED

Adolphe Godin de Lepinay's concept is the fundamental plan for constructing the inter-oceanic canal adopted by John F. Stevens, chief engineer of the Isthmian Canal Commission, who is recorded in history as "the basic architect of the Panama Canal."

Although the high-level lake and lock canal approved by Congress provided for twin flights of three lock chambers raising ships to summit level at Gatun, it provided for separated locks at Pedro Miguel and Miraflores with Miraflores Lake at intermediate level of 54 feet.

Chief engineer Stevens recognized the operational problem which would arise from separation of the Pacific locks and approved a plan developed by William Gerig placing all Pacific locks in single structures with three lifts south of Miraflores, with the dams and locks between two hills, Cerro Aguadulce on the west, and Cerro Puente on the east.

This plan would have made possible summit-level navigation from the Atlantic locks to the Pacific with a high-level anchorage in Miraflores Lake similar to the arrangement at Gatun.

Mr. Stevens was succeeded as chief engineer of the Isthmian Canal Commission by Col. George Washington Goethals, United States Army Engineers. He carried the work through to a successful conclusion. His assistant, Col. William L. Sibert, U.S.A., in charge of locks and dams, appreciated the superiority of the Stevens plan from the point of view of marine operations but was unable to persuade his chief to adopt it.

LOCATION IN ERROR?

Years of marine operating experience both in peace and in war have demonstrated conclusively that the location of Pedro Miguel locks at the south end of Culebra Cut was the basic error in operational design of the Panama Canal.

Every ship which passes through the Panama Canal is raised to summit level and lowered to sea level at the other end of its transit by gravity flow of water from Gatun Lake. Also, power for operating the lock gates and the towing locomotives which tow ships through the locks is generated by gravity flow of water.

During the dry season of 1919 the heavy flow of traffic demonstrated the need for additional storage of the head waters of the Chagres River to provide additional water for the navigating channels during the dry season and for the generation of additional electric power. Congress authorized the construction of Madden Dam and Reservoir. This project was completed in 1935.

The Third Locks Project set forth in the "Report of the Governor of the Panama Canal," Feb. 24, 1939 (House Document 210, 76th Congress, first session), was authorized by Act of Congress, Aug. 11, 1939. Over \$76 million was spent, mostly on excavating for a third flight of larger locks at Gatun and at Miraflores from 1940 to 1942, when work was suspended because of wartime shortages. No excavating was done for a third lock at Pedro Miguel. This wartime interruption of building a third set of larger locks made it possible to develop a better plan in accordance with the original concept of Messrs. de Lepinay, Stevens, and Sibert. It is called the Terminal Lake-Third Locks plan.

Capt. Miles P. DuVal, USN (Ret.) historian of the Panama Canal and from March 5, 1941, to June 30, 1944, captain of the Port of Balboa, has written a most interesting account of the long struggle over four centuries for a convenient sea route from the Atlantic to the Pacific oceans in "Cadiz to Cathay."

A quote from the epilogue of his second volume, "And the Mountains Will Move," reads:

"Based upon his studies and repeated operating experience, the author developed and submitted a plan for the fundamental simplification and improvement of the Panama Canal. He presented his plan publicly on May 20, 1943, before the Panama section of the American Society of Civil Engineers, in a paper entitled 'The Marine Operating

Problem of the Panama Canal and the Solution.' The plan consists of the removal of the bottleneck lock at Pedro Miguel, the construction of all Pacific locks in single structures near Miraflores, and the creation of a large summit-level terminal lake for an anchorage on the Pacific end of the canal to match the arrangement at Gatun."

APPROVAL RECEIVED

The Terminal Lake-Third Locks project received the approval of engineers experienced in the problems of the Panama Canal; of shipping interests using the international waterway, who must pay for the improvement in the form of the canal-supporting tolls; of the governor of the Panama Canal, and who were then Secretary of War and the Secretary of the Navy. It was approved as a postwar project by the President of the United States.

Meanwhile, the need for increasing the capacity of the existing canal to meet the increasing needs of world shipping must be satisfied. Since 1960 the project of widening the ship channel through Culebra Pass from 300 feet to 500 feet is proceeding on schedule. Five miles of the ship channel have been widened, and the remaining three miles will be completed by 1971.

All that is needed to accommodate more and larger ships is completion of a third flight of larger locks at Gatun, the consolidation of all Pacific locks at Miraflores, the raising of Miraflores Lake to summit level, and the removal of the dam and locks at Pedro Miguel. The summit level can then be raised to the optimum of 92 feet to provide increased water-storage capacity and to deepen the navigating channels.

The cost of modernizing the present canal in accordance with the Terminal Lake-Third Locks plan is relatively modest and can be paid for out of revenue from tolls. No new treaty with Panama is required, since no new territory to encompass the proposed improvement will have to be added to that purchased from Panama in 1903.

When the Panama Canal has been modernized in accordance with the legislation now before Congress, transit time will be reduced by eliminating the double handling of vessels at Pedro Miguel and Miraflores locks. The capacity of the canal will be increased by approximately 50 percent, and the size of the additional locks will be 1,200 feet long by 140 feet wide with 45 feet of water over the sill.

This additional lockage capacity is vital if the Panama Canal is to meet the need of world trade for the balance of the present century.

PANAMA CANAL ISSUES: CONCLUSIONS CLARIFIED

(Mr. FLOOD asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FLOOD. Mr. Speaker, as a student of Panama Canal history and interoceanic canal problems over many years, I long ago noted that whenever the Isthmian Canal question comes up for serious consideration, the subsequent discussion follows a predictable pattern. First, there are rivalries between advocates of various sites historically known as battles of the routes and next there are contentions over the type of canal to be constructed that may be described as "battles of the levels." A third idea regularly promoted has been that of a ship-railway across the Isthmus of Tehuantepec.

The latest proposal for interoceanic transit facilities, which is only a variation of the third issue just mentioned,

is a ship-rail-ship project from the Gulf of Mexico to the Pacific Ocean across the Southwestern part of the United States in an article in the April 1969 issue of the U.S. Naval Institute Proceedings by Rear Adm. H. H. Gibbs, U.S. Navy, retired, entitled "A Southwest Passage?"

In line with its regular practice, the Naval Institute Proceedings, in its Comment and Discussion section has published some commentaries on the Gibbs article in its September and October 1969 issues. The first by me in September attempts to bring the principal issues of the interoceanic canal problem into realistic perspective and supplies indispensable facts and figures for proper understanding. Three other commentaries in October by Prof. Richard B. O'Keeffe of the George Mason College of the University of Virginia, Capt. E. B. Perry, U.S. Navy, retired, and Lt. Albert H. Robbins, U.S. Navy, develops other interesting angles with appropriate classifications.

In order that the indicated discussions may be more widely known, I quote them as parts of my remarks as follows:

[From U.S. Naval Institute Proceedings, September 1969]

"A SOUTHWEST PASSAGE"—COMMENT AND DISCUSSION

(By Hon. DANIEL J. FLOOD of Pennsylvania)
(See H. H. Gibbs, pages 64-73, April 1969 Proceedings.)

As a member of the Congress with assignment for many years to the Subcommittee on National Defense of the House Committee on Appropriations, and as a long-time student of interoceanic canal problems, I have read the article by Rear Admiral Gibbs with considerable interest. Though it introduces some new angles into current canal discussions, it does not present the real issues involved, which must be understood and not ignored if our canal policies are to be wise.

The gross investment of the United States, from 1904 through 30 June 1968, including defense, in the Panama Canal enterprise was \$6,368,009,000. Total recoveries during the same period were \$1,359,931,421.66, making a net investment of over \$5,000,000,000.

The Isthmian Canal policy of the United States as developed over many years and which is embodied in treaty and law, has these objectives: the best type of canal, at the best site for the transit of vessels of all nations, on terms of equality, with tolls that are just and equitable. It was pursuant to this policy that the United States acquired by treaty with Panama the grant in perpetuity of sovereign rights, power, and authority over the Canal Zone territory and constructed the high-level-lake and lock type canal, all to the entire exclusion of the exercise by Panama of any such sovereign rights, power, or authority. The United States also obtained ownership of all land and property in the Zone by purchase from individual owners.

In these connections, it is important to realize that Panama has been, and still is, an area of endemic revolution and endless political instability; and that at the time of acquisition, it was one of the worst pest holes in the world.

The construction of the Panama Canal was one of the truly great achievements of man. Its subsequent maintenance, operation, sanitation, and protection have measured up to our solemn treaty obligations. The transit since opening to traffic on 15 August 1914 through 30 June 1968, of 403,230 vessels of various types and descriptions during both peace and war (World Wars I and II, Korean, and Vietnam, as well as the 1962 Cuban mis-

sile crisis) completely establishes the wisdom of the original construction.

As to current discussions over the type of canal, the idea of constructing a canal at sea level is a "hardy perennial." It appeals strongly to the manufacturers of heavy earthmoving machinery, dredging combines, a limited number of professional engineers, and various theorists. Many independent experienced engineers, navigators, and scientists oppose it. Thus, Rear Admiral Gibbs' emphasis that certain large vessels now constructed or planned were designed to avoid transit of either the Panama or Suez Canals for the reason that it is more economical for them to go around Cape Horn or the Cape of Good Hope rather than pay tolls is most pertinent. Also, as he points out the closure of the sea-level Suez Canal in 1967 by means of "primitive weapons" is highly significant. It dramatizes the irrelevance of the ancient argument of "vulnerability" to enemy attack in the design of navigation projects. The true criteria, the only basis, for such planning are ease and safety of navigation.

Many years of experience in the operation of the Panama Canal have shown that what is needed there is a two-way ship channel in the summit level, with ample and logically arranged locks at both ends.

The two-way ship channel will be supplied on completion in 1970 of the enlargement of Gaillard Cut from 300 feet minimum bottom width to 500 feet. The required lock capacity and arrangement will be provided under the Terminal Lake-Third Locks Plan.

This proposal, which would eliminate the bottleneck locks at Pedro Miguel, consolidate all Pacific Locks at one location south of Miraflores, create a summit-level lake anchorage at the Pacific end of the Canal, and solve other important marine operating problems, was developed by the Panama Canal organization as the result of World War II experience. It was recommended by the Governor of the Panama Canal to the Secretary of War for comprehensive investigation. It won the support of the Secretary of the Navy, and was approved by President Franklin D. Roosevelt as a postwar project.

The original Third Locks Project, authorized in 1939 at a cost not to exceed \$277,000,000 was suspended in May 1942 because of more urgent war needs, after a total expenditure of \$76,357,405, largely for huge lock site excavations at Gatun and Miraflores which are still usable. The estimated cost for enlarging Gaillard Cut is \$81,257,097. These two projects together, representing an expenditure of more than \$157 million are a substantial commitment by our government for the major modernization of the existing Panama Canal. Moreover, such modernization of the existing Panama Canal enables the maximum use of all work so far accomplished in the construction of the Canal and its subsequent maintenance, and it does not require a new treaty with Panama with the inevitable huge indemnity and increased annuity that would be involved. Thus, the United States would continue its full control and ownership of the Canal Zone and Canal.

The principal issues in the present canal situation are:

The safeguarding of our indispensable sovereignty over the Canal Zone, now jeopardized by ill-advised proposed new treaties.

The necessity for increase of capacity and operational improvement of the existing canal through the major modification of the authorized Third Locks Project under the Terminal Lake-Third Locks Plan.

The subject of a second canal.

As to these points, extensive clarifications in the Congress over a period of years have removed the confusion surrounding them and cleared the way for proper action by our government. This action is the major increase of capacity and operational improvements of the existing canal, and bills for the "Panama Canal Modernization Act" have been introduced.

The enactment of such legislation not only will protect the vital interests of the United States, benefit Panama, serve world commerce, and safeguard our indispensable sovereign rights, power, and authority over the Canal Zone and Canal, but will also clear up the entire canal situation.

[From U.S. Naval Institute Proceedings, October 1969]

A SOUTHWEST PASSAGE

(See H. H. Gibbs, pages 64-73, April; and D. J. Flood, pages 118-119, September 1969 Proceedings.)

Richard B. O'Keefe, George Mason College—Admiral Gibbs appears to have decided a question that is very much alive and undecided, i.e., lock vs. sea level canal. He should be assured that this argument is neither concluded nor arcane. A considerable body, made up of engineers, canal experts, members of Congress, and academicians continues to argue quite cogently that a lake-lock canal at Panama is navigationally, operationally and politically superior to a sea level canal.

Referring to the disaster of oil spillage, Admiral Gibbs almost makes, but misses an important point in "Only recently, a bulk carrier sank in Gaillard Cut under circumstances that could have existed at sea level. Such disasters can be prevented, but the remedial action is necessarily extremely expensive." The fact is the Japanese bulk carrier that sank in the Canal was raised and put on its way within 18 hours because of the efficiency and skill of the technically trained U.S. personnel present in the Canal Zone, a part of the much-abused "14,000" staff figure the Anderson Commission is fond of blackguarding, (*viz.*, the American colony whose life-style exacerbates the envy of a relatively poor Panamanian populace). The Commission is fond of the citation of a staff force of 600 to support and operate all services to a sea level canal. In the context of Admiral Gibbs' point, such a work force is absurdly small.

I feel that the statement "There is no indication that the Commission has considered it important to study the possibility of satisfying the requirements of interocean transportation by improving overland modes and routes . . ." stimulated the Honorable Daniel J. Flood to write you about his five-year struggle to prevent the Anderson Commission from exceeding its legislative authority in investigating anything but a sea level canal. Indeed, as long as the rather vapidly-titled Commission appears to have played somewhat loose with its constructing statute (with impunity), there would appear to be no reason why the Commission could not investigate the air transport mode.

There is another point which I wish to clarify. If in diplomatic or administrative retreat, the United States abandons its basic 1903 treaty, there is no reason why Admiral Gibbs' "Southwest Passage" should not be jeopardized, when Mexico, acting analogously and in her own interests, demands renegotiation of the Treaty of Guadalupe Hidalgo. If treaties become "obsolete" by the mere passage of time, the Treaty by which the United States acquired the territory for a "Southwest Passage," being unquestionably the settlement of a colonial conquest, can hardly bear examination.

Finally, the true benefits in both direct income and development increment to the Republic of Panama, of the American-constructed and operated Canal must never be forgotten. This remembrance can be made effective first by improving and building up on the present lake-lock Canal, and secondly, by a firmness both just and politically sound on the part of American representatives.

Captain E. B. Perry, U.S. Navy (Retired)—article is highly imaginative but lacks necessary details. It discusses, in very general terms, a proposed complex traffic problem of moving great weight and bulk overseas on selected routes by ship-rail-ship from the

North Atlantic port of New York to one or more ports in the Far East. So long as one sticks to generalities, the sailing is smooth. When it is necessary to get down to troublesome details, however, the going may then become tough. In discussing the proposed "Southwest Passage," an intricate sea-land-sea method of moving many thousands of tons of freight, it is well to consult your abacus.

When considering the Southwest Passage, there are several economic details which must be given some thought. What would be the total time of transit between the loading of a shipper's goods in New York and their receipt by the foreign purchaser? What will be the number of unproductive days required in ports; also the costs to the shippers and the ships? What will be the cost in days and dollars for the land movement of the cargo in its transfer from one seaport to another? This should include the costs of the shore facilities, railway equipment, right-of-way, and the constantly increasing labor costs. All probable costs must be considered if we are to contrast canal transit versus sea-land-sea movement of our cargo. And finally, would the protection of the two ports be less of a problem than the canal protection?

It is axiomatic that the ship is fundamentally the most realistic and economical method of long distance transportation of great weight and bulk on a ton-mile basis. If we are to take advantage of the merits of shipboard transportation from a port on the Atlantic to ports in the Far East, there can be no question as to the need for a canal. The present costs of the operation of our ships is high, but it is reported that our railroads are experiencing similar difficulties.

Considering only the New York to Yokohama suggestion, the article contrasts a sea voyage of some 9,700 miles via the Canal with a composite 7,910 miles via Corpus Christi and San Diego. The distance via sea-land-sea could, very realistically, go up to at least 8,225 miles. The canal voyage, with a 20-knot ship, might be made in about 22 days. The composite voyage could amount to 29 days. A great percentage of operation expenses comes from cargo handling. It is certain that the Southwest Passage would result in increased costs of cargo movement, and that is a step in the wrong direction. Since much of the cargo would be generated in locations to the west of New York, why were Corpus Christi and San Diego selected as transfer points for the cargo? There are existing railroads across the continent and many of them hungry for business. If we must resort to transcontinental rail transportation, why not make the cargo transfer in San Francisco, using existing facilities and saving some 2,400 sea miles? The article may have provided food for thought, but we need a more balanced diet.

Lieutenant Albert H. Robbins, U.S. Navy—The article performs an essential service; it questions our Isthmian fixation. Arthur C. Clarke identifies two classes of planning failures: failures of imagination and failures of nerve. We fear to dream large dreams. Even worse, our dreams are limited by the word images we use. The canal people think in terms of a deep water path; the author visualizes a super-train.

By skillful selection of terms—passage vice the more familiar landbridge—the author obscures the fact that his proposal will not transport ships. In the days of our one-ocean Navy this was one of the more pressing justifications for a canal; it would still be desirable for the *Forrestal*-class carriers.

While emphasizing that trade patterns might shift during canal construction (and presumably while inventing and building the Southwest Passage railroad and deepwater ports) he ignores the distinct possibility that existing ships might be made obsolete during the same period.

Historically, we have been able to assume convenient life spans, economic life cycles, for ships as well as the facilities which serve

them: canals, port facilities, shipyards, dry docks; 50 years for a Great Lakes "boat," 20 years for a freighter, 25 for a cruiser, etc. Last year, we suddenly discovered that the "Big Box," the container and containership, would drive conventional break-bulk ships from the North Atlantic trade, possibly by the mid-1970's. This year, despite a punitive longshoreman's contract, it appears that break-bulk ships are virtually dead, technologically obsolete. This is a common problem in the aircraft, electronics, and missile industries. It has come as a shock to shipbuilders and operators.

Senator Strom Thurmond recently referred to the air cushion vehicle (ACV) as the magic carpet of the future. He quoted Dr. D. C. MacPhail, of the Canadian National Research Council, "The British have concentrated on higher and higher speeds over the water and the U.S. has emphasized military requirements . . . But we [Canadians] have areas where speed isn't so important, where the mere ability to move goods at all is an achievement. Not much work has been done in this field and it might be the answer for Canada."

Actually, most of our development dollars are in the Joint Surface Effect Ship Program Office (JSESPO) basket. Presently, two study contracts (\$1.5-million apiece) aim at building testcraft by 1972. These two 100-ton, 80-knot, rigid sidewall testcraft, while interesting, will not revolutionize world trade.

By contrast, the primitive SR.N4s which began commercial operations last year, operate at speeds up to 80 knots, weigh 160-tons fully loaded, and fly above the surface on an 8-foot thick cushion of air. As the author points out, the further north we build our passage, the better.

The Northwest Passage becomes a broad freeway for the pure ACV. The ACV travels as easily, in fact more easily, over ice than water. ACVs have not yet been designed for cold weather, or long range operations. Several (SR.N5, SR.N6, SK-3, and SK-5) have been tested and operated in the far north. An SR.N6 was tested at Churchill, Manitoba. Operating over open water, ice, and snow at temperatures to -41° F., the chief problems noted were in navigation and control.

Our aging Great Lakes fleets constitute one economic market for the ACV. According to Lloyd's, the United States has 286 Great Lakes "boats"—1,892,427 gross tons. Canada has 288 more—1,479,518 gross tons. This seasonal fleet is limited to "navigable" waters and developed ports. Northern ACVs will be able to range far beyond the Lakes—going directly to the mines, the forests, and the wheat fields for cargo, regardless of season. Man-made barriers, buildings, and laws will define the ACV routes.

The existence of vehicles capable of sustained high speeds in the polar and subpolar regions necessitates a critical review of past economic and military decisions. An unescorted ACV, at 59 knots, could shuttle supplies between Little America and New Zealand in two days.

Great circle navigation, over the polar surface will as drastically alter world military posture, as did the Zeppelin raids in world War I. Resupply to Thule, or to our polar research stations will no longer require an icebreaker and supply ship task force. The frozen expanse north of the tree line ceases to be a defense in the same manner that the English Channel ceased to serve as England's moat earlier in the century.

The author acknowledges the super-tankers which cannot enter most of the world's harbors, or any of the canals. He mentions the containerships which have made most of the world's ports obsolete. He ignores the ACV, which will have a far more drastic effect on world trade routes in the next ten years than earlier. In making any long range plans, or investments, we must clear our visions, and we must consider technology.

A SOLDIER SPEAKS FROM VIETNAM

(Mr. McKNEALLY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. McKNEALLY. Mr. Speaker, we have just been besieged with pleas from many citizens of this Nation to withdraw immediately from Vietnam, no matter what the consequences of such action might be.

I, for one, cannot agree that this is the proper action for this Nation to take, and I support our President's efforts in this regard.

As I observed the demonstrations and listened to the cacophony of voices on October 15 last, I wondered what the soldiers in the field thought of all this activity.

What one soldier thinks has just come to my attention, and I would like to commend his thoughts to the Members of this body for their sober consideration.

The article, which follows, was written by Cpl. Joseph M. Carroll, son of Mr. and Mrs. Joseph R. Carroll of New City, N.Y., in the 27th Congressional District which I have the honor to serve. Corporal Carroll, who has been awarded the Army Commendation Medal and Purple Heart, wrote the article in a hospital in Vietnam while recovering from wounds received in action at an advanced firebase along the Cambodian border some 40 miles northwest of Saigon. It appeared in the Rockland County Journal-News, published in Nyack, N.Y.

LOOK HOMEWARD, SOLDIER, FROM VIETNAM
FIREBASE

(By Cpl. Joseph M. Carroll)

There is a war being waged, and it is a war of annihilation. And for the first time in the history of this nation, it is a war intended to annihilate the American soldiers fighting it. Somewhere in the course of the war a new philosophy emerged, and this philosophy has broadened in its scope, deepened in its implications until now, in this eighth year of battle, we must realize the philosophy as patent national policy. It has three basic tenets:

The soldier is an enemy.

The war is an atrocity.

The military is an ignominy.

The military establishment has come under fire not only from minority dissidents, as has been the trend in wars past, but by the rank and file of the nation. It is harangued in the press and in the media, in the homes of its citizens and in the very chambers of its Senate. Its recruiters are attacked on campuses, its records, along with the flag of this nation, are burned in the streets; all by citizen-vigilantes who manifest no shame in the open act.

The power of rational thought has been lost in the shuffle, discarded in the emotional upsweep of black and red banners. The ends are not considered, the means have become ends in themselves. The iconoclasts have accepted a doctrine that demands no thought to consequences; a mass hysteria has developed to obviate the necessity of logical thought. Review the expedients and consider the possible end.

1. Abolish ROTC: Lower the quality of the military leader. Make the Army grovel for officers.

2. Hate the military man: Remove the dignity and the respect from the service of one's country. Leave the man an enemy to his own people.

3. Skeletonize appropriations: Inform the generals that the nation is no longer concerned with what they consider absolutely essential to the support of the man in the field. Inform them that they'll have to cut corners, regardless of the consequences.

4. Discredit The Generals: Allow the Senators to criticize the Generals on their own ground, to dictate to the Generals how to run the war.

5. Undermine the spirit of the Soldier: Let him know that the nation for which he is fighting considers him dirt, considers his leaders inept, considers his cause futile.

The situation that has arisen is so absolutely ludicrous that a rational man would question the very foundations of a nation that could permit it. We have accepted the situation for so long that we have taken it in stride, and no longer consider its deathly irreversible implications. The situation, basically stated, is this: We are waging a war to lose.

We have no intention of winning this war, we have no intention of moving forward or backward. The present policy is simply to sit tight in a combat area and hope that the casualty rate of 300 Americans a week will not fluctuate appreciably up or down. This situation can be no more apparent than in the recent testimony of the General who replied in testimony before the Senate Armed Services Committee, "We haven't escalated the war. We've had less battalion-size actions this year than last year. It's them, they're the guys trying to win the war."

A general on the defensive. Nothing does the heart more good. And how, indeed, could he stand under the bombastic accusation that he is actually trying to win the war? This nation has reached the point where it no longer attempts to disguise the enmity it holds for its own military forces. A general, accused of trying to win, and consequently end a war, is forced to cry out in his defense that it is not true, that he wouldn't think of such a betrayal of the nation.

An army is hobbled, its soldiers are disgraced, its appropriations are cut, its officer corps is undermined. Is the enemy capable of inflicting more damage from without than are the American people from within? This nation has left an army in the field, and has given them express instructions to sit and die; its greatest shame being the desire to win the war.

What of the fighting man in Vietnam? What of the man in the rice paddies who realizes that he is the sacrificial lamb of a nation that suddenly "changed its mind?" What of the man who realizes that his purpose is simply to wait until the politicians can find an excuse for withdrawing him, while his numbers drop off in the hundreds each week? And for what purpose? Is there a greater horror than dying without a purpose? This nation has no intention of supporting them. Then why do they continue to do battle? Either they are disbelieving that their people could actually betray them in this manner or are too dedicated to the ideals which the nation has since abandoned to be concerned with the betrayal of that nation. Why has no one informed them that the political situation has taken a turn, and that death is now in vain?

And to be completely consistent in the absurdity, the nation sits at the conference table and attempts to win an "honorable" peace, while the enemy knows full well that they are hobbled and are no longer a serious threat. What bargaining tool can be effective when an enemy knows that you are totally resigned to defeat and withdrawal.

On the conduct of the war itself, Senator Teddy Kennedy has accused the military of mismanaging the war. Hamburger Hill, for example, was not "handled well." And Senator Kennedy is, of course, an authority on

military matters. Who could cast shame upon a man who has the guts and courage to speak out against war-mongering generals? Votes? What have votes to do with truth and justice and good old righteous indignation at ogre generals!

And, of course, it's always good sport to attack a man you have officially bound and gagged. General William Westmoreland, queried as to the validity of Senator Kennedy's statement replied in typically aggressive fashion: "I do not think it proper for me to comment on the opinions of a Senator." And when asked if it were at all proper for the Senator to comment on the tactical situation in the first place, replied, "I do not think it proper for me to comment on what is proper for a Senator to comment on."

We have lived with the irrationality so long that we have accepted it, let it go unchallenged, and it has reached a point where our minds now refuse to question, refuse to sift through the facts and reach a logical conclusion. What better witness to this than the proclaimed end of the agitators? That end, of course, is the total abolition of the Military.

But this, too, can be accepted with the same non-thinking ambience. For who would be foolish enough, in this day of idealism and love, to suggest that we actually need an Army to protect the nation? Who would be unpatriotic enough to suggest that force is a legitimate instrument of national policy? Who would be naive enough, in this frenzy of peace and charity and good-will, to suggest that we cannot trust our brothers and Russians and the Chinese?

When did we first start to obviate the practical in lieu of the idealistic? When did we first begin to believe that a nation can survive without an Army? When did we first begin to believe that the Communists are brother-lovers? When did this once mighty nation succumb to the belief that a defense can be managed without strength, that a nation can be preserved without might, that ideals which we consider precious can survive in a world where they are attacked on all fronts, and we are left with only our slogans and love beads to protect us?

And then there is the voiceless man in the field. The one who cannot defend himself, for, like General Westmoreland, he is too bound by honor and duty to speak against the will of the people. The military tradition is one of compliance with national demands, not arguments. The soldier is an unwanted cause, a burden, and a drain. He is the man in the field who reads of his own malevolence and ignominy in the papers of his country. He is the man who sits in the rice paddies of the murky Delta and wonders why the B52 strikes have been cut when they are sorely needed. He wonders why his country has forsaken him.

NATIONAL BUSINESS WOMEN'S WEEK

(Mr. GERALD R. FORD asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GERALD R. FORD. Mr. Speaker, this is National Business Women's Week, a time set aside to pay well-deserved tribute to the business and professional women of America. I therefore join the National Federation of Business and Professional Women's Clubs today in saluting the achievements of business and professional women in the communities in the Fifth Congressional District of Michigan and throughout the Nation.

As stated by Mrs. Myra Ruth Harmon, president of the NFBPW, federation members fully recognize the importance

of an informed, active electorate and are dedicated to civic responsibility and service. I wish to commend the federation and all those associated with it for their efforts in building a better America. In that connection, I call attention to the federation's national legislative platform and urge careful consideration of it by every Member of this House.

Mr. Speaker, American women have made tremendous strides in the last half century. It is less than 50 years ago that women in this country won the right to vote. Now the potential voter turnout among women exceeds that of the men in this country by 7½ million.

American women also have achieved great economic power and can point to startling accomplishments in a variety of fields of endeavor.

There are many reasons for the men of America to look to their laurels. Women outlive men, and that gives them greater staying power. Official Government figures show that women outnumber men in America, so they have the edge there too.

American women are getting married younger now, which means they start running their men sooner than they used to.

American women have taken an increasingly prominent place in the world of work. Today nearly four out of 10 American women are employed outside the home. In 1920 it was only two out of 10. And today the average working woman is married and 41 years old. In 1920 she was single and 28.

A revolution has taken place among American women, and we men would do well to recognize it.

One of the developments in that revolution is that women today tend to have their last child by the age of 30. This means that by the time the youngest child is in school, a mother may look forward to 30 or 35 more active years. Much of that time can be spent in the business and professional world, in politics, and in civic endeavor.

I am very happy to find women getting the place they deserve in the world of work, in the Government, and in the political sphere.

Our whole society today calls for women to play a significant role in nearly every way—not just as wives and mothers but intellectually and politically. And so I am pleased that President Nixon has named 118 women to positions in the Federal Government and related posts.

These appointees are examples of the new American woman, the kind of woman who has made the National Federation of Business and Professional Women an organization of which all its members can be terribly proud.

So it is that today I toss a bouquet to the National Federation of Business and Professional Women and express the wish that the federation will grow ever stronger and will continue its fine efforts on behalf of community and national betterment.

VIETNAM

(Mr. GERALD R. FORD asked and was given permission to extend his re-

marks at this point in the RECORD and to include extraneous matter.)

Mr. GERALD R. FORD. Mr. Speaker, it is my firm conviction that a substantial majority of the American people support President Nixon's policies aimed at ending the war in Vietnam. I therefore found it disturbing that the Nation's press sweepingly spoke of "millions" of Americans as taking part in the recent Vietnam moratorium. Since the October 15 moratorium I have seen more sober estimates of the number of Americans participating in "M-Day," figures like 500,000, for instance. Whatever the actual number, I repeat my earlier assertion that a sizable majority of Americans support their President's efforts to achieve peace with honor in Vietnam.

Not all of the writers and commentators speaking of M-Day were swept up in the emotional tide of the moment. Some editorially voiced grave misgivings about this exercise in crowd diplomacy. One of these was Philip Clarke of the Mutual Broadcasting System, who delivered a commentary entitled, "Vietnam: A Case for the Silent Majority." While I do not necessarily agree with every point made by Mr. Clarke, I feel that his viewpoint adds balance to the current Vietnam debate. I therefore invite my colleagues' attention to the Clarke commentary and place it in the RECORD at this point.

VIETNAM: A CASE FOR THE SILENT MAJORITY
(By Philip Clarke)

In coming weeks, the world will be witness to one of history's strangest and most disturbing phenomena: thousands of U.S. citizens participating in anti-Vietnam war demonstrations directed against a U.S. Administration that is doing everything within reason to end that war.

Planned for October 15th are protests on campuses, in the streets and from door-to-door. A number of Congressmen even plan an all-night anti-Vietnam filibuster. Organizers are calling it "M-Day"—for moratorium against war.

With supreme irony, the demonstrations ignore the Communist aggressors who started the war and now shun peace. They are aimed instead at bringing irresistible pressure on President Nixon to order the precipitate withdrawal of all U.S. forces from Vietnam—unilaterally.

The consequence would be not the peace, for which all men of reason aspire, but surrender—the surrender of free South Vietnam to the Communists.

As might be expected, the October 15th demonstrations—and similar "peace" marches and rallies in November and December—are in large part organized and led by a noisy minority. Included are the flag-burners, the draft-board bombers, the White House picketers, the "better-Red-than-dead" clique. Their names and their tactics are familiar. The tragedy is that thousands of idealistic but susceptible young Americans have been persuaded to join with these professional dissenters in the name of peace.

More alarming yet, many members of Congress, educators and civic leaders—who should know better—have pledged their active support to the demonstrations. Some simply have been taken in. Others believe it is "good politics" or the "in-thing."

In this they are wrong—dead wrong. As naive or well-meaning as most of them are, the anti-Vietnam demonstrators are playing fast and loose with the interests of our nation. And they are parading directly into the hands of an enemy who strives by whatever means to weaken our security and

destroy our position of leadership in the Free World.

For the past eight years, this correspondent regularly has monitored broadcasts from Moscow, Peking, Hanoi and other Communist capitals as part of a weekly analysis of alien propaganda. Almost every anti-Vietnam demonstration, rally, teach-in, war crimes "trial" or what-have-you is played to the hilt, whether in Tokyo, Toronto or Timbuctu. Protests in the U.S. get special treatment.

After one recent anti-Vietnam rally in the U.S., Radio Moscow broadcast a message of congratulations from the National Liberation Front, the political arm of the Vietcong. It said, and I quote: "we thank our progressive-minded compatriots in America for rallying support to our side and against the dirty imperialist aggressors in Washington. Your activities for peace have given great encouragement to our struggle for the liberation of Vietnam. Together we shall win." Unquote.

Communists around the world are now cheering even more loudly over the forthcoming demonstrations in the U.S. Why? Because they couldn't come at a better time—for the Communists. Having claimed credit for speeding the exit of President Johnson, they now sense an opportunity to pull the rug from under President Nixon—before he can achieve peace without surrender in Vietnam.

Thwarted in their attempt to take over South Vietnam by military force, the Communists are counting on a massive psychological offensive to confuse, weaken and divide U.S. public opinion. Just as they once boasted of defeating the French not at Dienbienphu but in Paris, the Communists now predict victory in Washington.

Cunningly, the Communist propagandists play on America's revulsion against war and impatience for peace. Large numbers of young Americans are led to believe that the struggle in South Vietnam is unjust and immoral, that a majority of the 17 million South Vietnamese really favor the Vietcong, and that only the corrupt, repressive regime in Saigon—propped up by Washington—prevents peace and happiness for all.

How cynically distorted is this picture. By every objective account, the vast majority of South Vietnamese abhor the Vietcong and want only to be left alone to live in peace. What territory has come under Communist control has been subjugated through systematic terror and brutality, including the kidnaping and slaughter of hundreds of village leaders and others who failed to "co-operate."

In the ancient capital, Hue, alone, more than 1,000 men, women and children were summarily executed and buried—some still alive—during the treacherous Tet offensive of February, 1968. Their only "crime:" preferring freedom to Communism.

One can only imagine the bloodbath that would result if all South Vietnam suddenly were abandoned to the tender mercies of the Vietcong and the North Vietnamese Communists.

Against the argument that the present Saigon government is corrupt and undemocratic, it must be asked: would the Communist alternative be better? Would a Communist regime risk holding elections in the midst of a war for survival, as the Saigon government did two years ago? The Communists boycotted those elections, and they have ignored proposals for new elections under strict international supervision. They know that in any fair contest of popular will, they would lose and lose badly.

For all its shortcomings, the Saigon government, by impartial account, is making slow but steady progress toward valid democracy. And this in a country where scarcely fifteen years ago few had even heard the word democracy.

Yet, some critics argue that if the Communists won't accept free elections, why doesn't the U.S. force the Saigon government to accept a coalition with the Communists? The answer is simple: the Communists don't want a coalition with the Saigon government. They're holding out for the whole piece of cake. Further, by what possible right can the U.S. arbitrarily dictate to any other government, friend or foe, that it open its doors to an enemy that avows not to co-exist but to conquer? This would be tantamount to asking Saigon to seal its own doom. For never in history has freedom survived in coalition with tyranny.

For some Americans in high places, the entire Vietnam dilemma is simply too much. Several members of Congress have gone so far as to call for total U.S. troop withdrawal right away, no matter what happens. At least two Senators are demanding that Saigon undertake a long list of political "reforms" within 60 days on pain of losing all U.S. aid, both military and economic.

While such ill-considered and irresponsible proposals are being voiced, is it any wonder that Hanoi sits tight in Paris and prolongs the war in South Vietnam?

Still, some Americans argue: what business is it of ours? Why should the U.S. spend 40,000 lives and billions of dollars to save a few million peasants in a country barely larger than Missouri?

A glance at the map will furnish one answer. South Vietnam is at the heart of Southeast Asia. If the U.S. should abandon it, how long could South Vietnam's neighbors resist Communist conquest? Laos already is under siege. Communist insurrectionists are nibbling away at the fringes of Thailand. Cambodia is a conduit for North Vietnamese troops and supplies. And farther South lies the tempting prize of populous, resources-rich Indonesia which only recently shook off a Communist attempt at take-over.

There are other potential targets: Malaysia, South Korea, the Philippines. Could they hold out if the U.S. should withdraw from Southeast Asia? In time, Japan would feel obliged to make a deal with Peking. And the fate of Formosa—Free China—would be in immediate jeopardy.

The U.S. could withdraw, yes—but to where? In this age of long-range nuclear missiles, can any one corner of the world be considered secure if aggression is rewarded in another? Haven't we learned from two disastrous world wars that isolation is a snare, appeasement a delusion?

And what of our commitments to freedom elsewhere in the world? If we should decide that South Vietnam is not worth defending, then why bother about South Korea, or West Berlin, or anywhere else in the world coveted by the Communists? In today's precarious balance of terror, would the peace of the world really be served if the U.S. should desert South Vietnam?

The answers are obvious.

It can be said that South Vietnam is but a small part of the picture. Yet it is a vital part. The Communist rulers in Moscow and Peking are watching and waiting for the outcome in Vietnam. If we give in and get out, the Soviet and Red Chinese positions surely would harden. President Nixon's efforts to move from an era of confrontation to an era of negotiation would be set back, perhaps irreversibly. At the conference table, the U.S. would be at a definite disadvantage, strategically and psychologically.

Not least of all is the question of America's spiritual and moral purpose. If history has taught one lesson, it is that when a nation loses faith in itself, it forfeits the future.

Will this nation of ours, which saved Western Europe, preserved freedom in much of the rest of the world, and which has carried mankind to the moon, now in frus-

tration give way to a handful of despots in Hanoi? Can we not summon the human and natural resources to meet the challenge?

In the agonizing trial of Vietnam, America's faith in itself and its leaders is being tested as never before. This test must be met. The sacrifice of forty thousand American lives cannot be written off in despair and defeat.

In President Nixon, the U.S. and the Free World has a leader who has pledged not to buckle, not to yield on the lone principle for which we fight in South Vietnam: the right of the people there freely to decide their own future. And the President has served resolute notice that he will not be swayed from this principle by the clamor of the noisy minority.

With good reason, President Nixon has appealed for united support in his ceaseless effort to bring peace in Vietnam. Not a peace of appeasement, as at Munich, but an enduring peace that is in the interest of all parties.

There are hopeful signs. As U.S. troops gradually withdraw, more and more South Vietnamese soldiers are being trained, equipped and assigned to the defense of their own country. (It took the British ten long years to enable the Malaysians to take over their own defense). And, although it is yet too early to assess the full meaning, there has been a marked drop in the level of fighting and in U.S. casualties. The way of reason may at last be opening.

In view of these possibly crucial developments, the Republican leader in the Senate—Hugh Scott—has asked, appropriately, for a two-month moratorium in domestic attacks on President Nixon's Vietnam policy. The President deserves no less; the national interest demands no less. In a democracy such as ours, while honest dissent can be constructive, thoughtless dissent can divide and destroy.

Genuine peace may yet be some distance away. But the greater our unity, the sooner it will be reached. Only when the enemy knows he cannot wait us out will he then agree to terms—and only then.

That is why October 15th is so important.

That is why the voice of the quiet majority must be heard over the noisy minority's cry for peace at an price.

That is why every concerned citizen must speak out now in support of the President's efforts for peace with freedom.

DEMONSTRATIONS IN CHICAGO

(Mr. ANNUNZIO asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ANNUNZIO. Mr. Speaker, Old St. Mary's Church, 900 South Wabash Avenue, Chicago, Ill., is located in the Seventh Congressional District which I have the honor to represent. The Paulist Fathers at this fine church have been serving my community with dedication and devotion for over 100 years.

On Sunday, October 19, an article in their church bulletin condemned irresponsible and irrational wreckers who demonstrated in Chicago last week. The church bulletin calls them "sickeys," vandals, creeps, and weirdos, and their demonstration in Chicago last week again proved that this armed invasion of our city was preconceived and planned by outsiders. These were the same people who invaded our city during the Democratic Convention last year. During the convention, the distinguished mayor of my city, Hon. Richard J. Daley, condemned these outsiders for infiltrating our city, and the renewed efforts of the

demonstrators during the last couple of weeks have proven beyond any reasonable doubt that our television and radio reporters and commentators were wrong. The mayor was right then, and he is right now.

I commend and congratulate the pastor of St. Mary's Church, the Reverend James Cunningham, and all of the priests at Old St. Mary's Church, the Paulist Fathers, for forthrightly identifying in their church bulletin the vicious disease that is infecting America today.

More of our so-called respectable citizens ought to stand up and be counted in the fight against this disease. We can no longer tolerate the "sickeys" who are bent on destroying our cities with their hoodlum tactics, their violence and their willful breaking of the law.

Mr. Speaker, I ask my colleagues to read carefully the article from the church bulletin, which I am including at this point in the CONGRESSIONAL RECORD. I would also like to call to the attention of my colleagues a letter I received from Roger G. Seaman, commander of Admiral Benson Post 83, and national judge advocate of the Catholic War Veterans of the United States of America, which follows.

I want to point out to my colleagues that Commander Seaman reiterates and supports the thoughts expressed in Old St. Mary's Church Bulletin when he states that the demonstrations in Chicago are tantamount to treason, and that Americans must awaken from their lethargy if our cities and our country are to be saved from these outsiders who are bent on destroying the fundamental rights and liberties guaranteed by our Founding Fathers in the Bill of Rights and the Constitution of the United States.

The article from Old St. Mary's Church Bulletin, and Commander Seaman's letter follow:

A COUNTERPUNCHER SELDOM WINS

In the boxing profession we have had a few good counter punchers, but never any champions of which I have knowledge. The champions were usually aggressive, they did not wait for the opponent to come to them, they went after him. Counter punching is necessary but no champion ever made a career of it. This past week, with the invasion of the "sickeys" we became counter punchers. These were not only vandals, irresponsible and irrational wreckers, creeps and weirdos, they were "sickeys." We could see in our hesitating reaction to them the influence of two national broadcasting chains and their bright old announcers who reported on the Democratic Convention with not a few staged activities. At that time when the danger was imminent the police moved in to contain those causing the peril to life and property. They acted. The reaction across the nation was unjust and normal, probably, to what people saw without any knowledge of the situation, or of what was taking place.

This time the vandals moved in with anfare and publicity. They had announced their intention—to destroy. They gathered in various places, every move of the hard core radicals was known. Yet for some reason shackles were put on the police. They did not act—they reacted.

They tried by peaceful means to contain wreckers armed with clubs, pipes, steelbars . . . who came prepared to fight with their helmets on, ambulances on call, ball-bond people waiting at the police headquarters.

The police did not move when the danger to life and property was mounting. They reacted only after the goon squads had "gone ape," the invaders were loose on the street and injured policemen and at least one public official, near death, we are told, as they bore the brunt of the vicious attack. Then police were fighting to defend their lives as well as to keep order. But the move was too late—it was a reaction, a counter punch. Why? These invaders were hardy, rugged revolutionaries—possibly a few of them students yet this was an armed invasion of a peaceful city. Why were the police restrained. We are getting a little tired of being pushed around by "sickeys" who can disrupt a whole city for a week. Is this to be the picture of American law enforcement in the future? Wait—wait until it is too late and property and lives destroyed. How much did this little caper cost the city and state—possibly close to half a million dollars? Are the "sickeys" paying the bill?

We counter punched in Korea and in Vietnam. We reacted. We are in the position of a commander who knows where his enemy is, what he is doing and saying, what he is going to do and in the dilemma of being unable to use preventive action when the situation can be contained. He must wait until the enemy attacks. That is irrational warfare. Yet it seems to be our mood. We must now put the pieces of Chicago back together because we could not prevent less than 500 hoodlums from tearing the city apart. We have reached a new national low when we so shackle law enforcement officials so that they are unable to do their job, to defend us. The Supreme Court and its many laws favoring the criminal has seriously hampered sound police work and law enforcement. Why is it that we give the arsonist, the neo-revolutionary the edge in this fight for a peaceful city? What is the answer?

One certain answer is the need all of us have to support the law enforcement bodies. If there was ever a time that we need a sound police department it is now. Look at what happened in Montreal when the police went on strike. Banks robbed, people assaulted, anarchy loosed. The sight of one police cruiser could have stopped much of it. So if we say a few unhappy words when we read Vatican Two statement "a sense of the dignity of the human person has been impressing itself more and more deeply on the consciousness of contemporary man. And the demand is increasingly made that men should act on their own judgment, enjoying and making use of responsible freedom, not driven by coercion but motivated by a sense of duty." So if I say Pardon me while I laugh as I look over the pictures I have seen of the "responsible" citizenry rampaging down the street with chains and iron bars. Or I feel strangely out of it listening to a young girl speaking to the crowd of radicals telling them that now was the time to put themselves on the line—for destruction. Men react to two stimuli—fear of punishment, hope of reward. They need coercion as many are irresponsible . . . they need fear of punishment.

We see the folly of waiting for the attack. Businessmen, guests, residents beaten, business places wrecked, property destroyed, cars overturned and lives in danger. Surely there is sufficient skill, knowledge and ability in our law enforcement officers to handle the problems. Let them do it. Take the handcuffs off them and put them on the criminals where they belong. Let us not put the lives of good police officers in jeopardy as they must wait for a vicious assailant to whom, up to now, we have given every advantage, if we end up as counter punchers we will be destroyed.

Perhaps it is true that our democracy cannot last. At a time when the President needs every bit of support to negotiate a peace of some kind in Vietnam the rug is pulled out from under him and the Paris negotiators by voices all over the country demanding a pull-

out immediately. He, better than anyone understands the need of getting out, he, better than anyone knows the devious quality of our opposite numbers at the peace table and the malice which pervades all communist countries so far as the United States is concerned. To get out with honor is necessary—to save at least a shred of our national integrity seems important, to save our commitment to a nation of people who have needed us is worthy of our every effort. Yet, when the President is trying to accomplish these ends he goes into the category of law enforcement officers—no support.

It is imperative in a city like Chicago that the police department and all law enforcement agencies have our support. If there is imminent danger let them contain it regardless of what Walter or Chet may say. They have the intelligence, the knowledge, the ability to do their job of crime prevention. Let them prevent it. Give them your support. Otherwise we will end up as counter punchers and like all nice guys who come in last, we may come in dead.

ADMIRAL BENSON POST, CATHOLIC
WAR VETERANS OF THE UNITED
STATES OF AMERICA,
Chicago, Ill., October 14, 1969.

DEAR MEMBERS AND FRIENDS OF CWV: On October 11, 1969 in Washington D.C., your National Board of Directors held their regular meeting. National Chaplain, Reverend Floyd J. Marieau of New York City, displayed in his report a copy of the literature which was passed out on the street corners of his city. As each person was solicited to come to Chicago, he was promised free transportation and expenses. A copy is enclosed. I suggest you turn to it and read it now.

Is this the kind of demonstration which is guaranteed by our Constitution? I think not! This is an act of treason. They are highly organized and financed, despite their disheveled appearance. The solution of the problems of the Blacks and the war in Vietnam are only red herrings to justify their true purpose. Their purpose is clearly spelled out in the last paragraph of their "Call to Arms."

"We are living in the guts of the monster. Let's destroy it from the inside as the third world destroys it from the outside. S.D.S. and other people are going to Chicago, October 8-11 to bring the war home. And to start building our Red Army. Join us."

Unlike the past Benedict Arnolds of the United States, these traitors announce their treason, promise violence and then proceed to travel from all over the country to fulfill their threats. Some commentators call them idiots. I am not sure who is what!

Returning to Chicago late Saturday, I was shocked and saddened by the criminal attack on my dear friend Dick Elrod, and, upon reflection, I wondered if the pain and suffering of Dick and his fine family would wake up us Americans from our lethargy, and recognize this serious threat to our nation.

The attack on Dick Elrod and our police was just as much an attack on each one of us and on our families.

What are we going to do about this? Are we perhaps considering the political consequences of a public statement, and the security of silence? We have the constitutional authority to stop them. Let's use it.

Treason is the virus that leads to the death of a nation.

Think about it!

Yours in CWV,

ROGER G. SEAMAN,
Commander, National Judge Advocate.

YOU ARE LIVING INSIDE THE MONSTER

That monster is this racist, imperialist country. Everyday more and more black, brown, and third world people are murdered as the fat cats who run America fill their pockets and bank accounts on the blood and

sweat of oppressed people. But dig it, oppressed people throughout the world are moving on U.S. pig power. And they are winning!

As the blacks and Vietnamese succeed in destroying this racist and imperialist monster we whites who get crumbs from the system are put up against the wall. We face higher taxes, inflation, speed-up, and the sure knowledge that our brothers, or boyfriends may be shipped off to Vietnam and shipped home in a box. We are forced to go to prison called schools, to train for—jobs and to learn to accept boredom and put-down we will face for the rest of our lives.

White people have got to make a choice. There's a war going on. Right now. All over. Either we side with the bosses, their pigs, and their teachers, and go down with their crumbling system, or we fight along with the Viet Cong and black people and be part of the solution. The hundreds of G.I. rebels, the white kids in Columbus, Ohio who fought side-by-side with the blacks this summer, the S.D.S. women who tore up Pittsburgh earlier this month . . . they have already made that choice. They and the rest of us must build an effective white fighting force that joins with the Viet Cong and blacks in their war of liberation.

We are living in the guts of the monster. Let's destroy it from inside as the third world destroys it from outside.

S.D.S. and other people are going to Chicago, October 8-11 to bring the war home. And to start building our Red Army. Join us. Chicago, October 8-11.

NEW YORK CITY, S.D.S.

TRIBUTE TO THE NATIONAL FEDERATION OF BUSINESS AND PROFESSIONAL WOMEN'S CLUBS, INC.

(Mr. ANNUNZIO asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ANNUNZIO. Mr. Speaker, for the past 40 years one week in each year has been set aside to pay tribute to the National Federation of Business and Professional Women's Clubs, Inc., emphasizing the responsibilities and achievements of women in business and professions.

This year the week of October 19 to 25 has been set aside to afford the local clubs and State federations of the Business and Professional Women's Clubs, Inc., the opportunity to focus the attention of their communities on the great contributions made by women in the world today and to honor the outstanding achievements of women in all phases of economic, social, cultural, business, and professional life.

Of the more than 3,800 business and professional women's clubs in our country, 170 clubs, with a membership of over 11,000 women are in the State of Illinois. Through my association with some of the members of the business and professional women's clubs in my State and district, I have become familiar with the outstanding record of legislative proposals the National Federation of Business and Professional Women's Clubs, Inc., have sponsored or supported in the last 50 years.

I am pleased to see that action item No. 1 in their 1969 national legislative platform is a resolution to support legislation that I introduced on May 13, 1969—House Joint Resolution 715—to

amend the Constitution of the United States to provide that equality of rights under the law shall not be denied or abridged on account of sex.

The following is an outline of legislative proposals supported by the National Federation of Business and Professional Women's Clubs, Inc., for the period of 1919 to 1969, and its national legislative platform adopted by the national convention July 20 to 24, St. Louis, Mo.:

THE NATIONAL FEDERATION OF BUSINESS AND PROFESSIONAL WOMEN'S CLUBS, INC. OUTLINE HISTORY OF LEGISLATIVE PROPOSALS FOR 50 YEARS, 1919-69

1919-20—Successfully endorsed permanent establishment of Women's Bureau; continuation Children's Bureau; creation Federal Employment Service.

1921—Successfully supported the Shepard-Towner Act giving funds for maternal and child welfare and the Cable Act (and amendments till 1934) granting married women citizenship status independent of their husbands.

1923—Supported the amendment to the Smith-Hughes Act placing Home Economics in vocational training which passed as well as the Bell Act creating the National Federal Department of Social Hygiene. Also sponsored the first legislative tax bill ever introduced in Congress by women—to increase personal exemption for single persons—still on the agenda today. Began long and dedicated support for federal aid to education without federal control (goal more than achieved in legislation aiding education since 1958). Endorsed Child Labor Amendment to protect children—failed to pass in the states but gradually enacted by most states and the federal government in other laws.

1937—Secured repeal of a section of the National Economy Act which provided in labor reductions for dismissal of an employed wife (govt.) of a government employee. Sponsored Equal Rights Amendment. Urged states to work for equal jury rights for men and women.

1940—Urged amendment (later achieved) of social security laws to provide for dependent widowers and children under 18.

1942—Began urging legislation to permit women jurors to serve on federal courts (fully achieved 26 years later—Federal Jury Selection Act).

1944—Successfully supported legislation to establish the Women's Armed Services on a permanent basis with the same rank and pay as men. (The final step was achieved in 1967 when President Johnson signed bill giving women in the armed services equal opportunity promotion.)

1950—Allowance of an income tax reduction to an employed person for costs of care of dependent because of said employment (now part of the Internal Revenue Code).

1956—Successfully supported the double income tax exemption for taxpayers over 65 and blind. Opposed lower retirement age for women. This passed, but in 1961 men were enabled to take the lower age of 62 also.

1963—Support for equal pay for equal work goes back to 1920. Since the 1940's it had been a special legislative effort. Passed in 1963.

1963-67—Originated the idea for and helped organize State Status of Women Commissions. All 50 states plus the District of Columbia, the Virgin Islands, Puerto Rico and two municipalities had created these special groups to study problems of women by late 1967.

1964—The Civil Rights Act of that year contained a Title VII which prohibits employment discrimination of all kinds, including sex. The Equal Employment Opportunity Commission was set up to enforce this provision.

1965—Section 165 of the Revised Statutes,

allowing discrimination against women in government positions, was repealed after strenuous efforts by BPW.

1967—Women in Armed Services bill (See 1944). BPW urged and succeeded in getting the word "sex" added to the discriminations prohibited by the federal government when President Johnson issued Executive Order 11375 prohibiting discrimination against women in government or by government contractors. The Office of Federal Contract Compliance overseas compliance with this order by all the agencies of the government. Civil Service Commission required each agency to establish "a positive, continuing program to develop and promote equal opportunity without regard to sex."

1968—BPW's much desired legislative goal was achieved with passage of the Federal Jury Selection and Service Act of 1968, requiring selection of federal jurors without consideration to race, color, religion, sex, etc.

NATIONAL LEGISLATIVE PLATFORM ADOPTED BY THE NATIONAL CONVENTION JULY 20-24, 1969, ST. LOUIS, MO.

ACTION ITEMS

Item 1. Constitutional Amendment: Support legislation to amend the Constitution of the United States to provide that equality of rights under the law shall not be denied or abridged on account of sex.

Item 2. Actively work for pending legislation providing for: (a) a broadened head-of-household benefit under the Internal Revenue Code; (b) increased personal exemption and credit for dependents under the Internal Revenue Code; and (c) a more equitable distribution of the tax burden.

Item 3. Propose and support legislation to provide: (a) uniform laws and regulations for men and women as to working hours, working conditions, rates of pay, equal employment, including retirement for age; (b) equal treatment for working men and women in the area of survivor and retirement benefits; and (c) increased child care deduction under the Internal Revenue Code.

Item 4. Propose and support state legislation to provide for uniform jury service and uniform qualifications in the selection of men and women to serve on grand or petit juries in any court.

Item 5. Propose and support legislation to bring about more effective crime control and law enforcement.

POLICY ITEM

Support measures within the framework of the Constitution of the United States that promote peace and strengthen national security and make more effective the United Nations and such other international organizations of which the United States is a participant, without relinquishment of our basic freedoms.

Special note is called to the United Nations Convention pending before the United States Senate on the political rights of women and to the longstanding support for ratification of this convention by the Federation.

This legislation the National Federation of Business and Professional Women's Clubs, Inc. supported was not only beneficial to the members of the Business and Professional Women's Clubs, but to all of the citizens of America, and has helped to make our Nation a better place in which to live and raise our families.

The Business and Professional Women's Clubs, Inc. are also to be commended for initiating various programs of instruction, example and encouragement for girls and young women, such as the Young Career Women program, Nike Clubs, for high school juniors and seniors, and the Samothrace Clubs for college undergraduates. In this day when one reads of all the strife and turmoil among some of our young people, it is gratifying to see a group like the Business and Professional Women's Clubs, Inc. giving their

time and efforts to provide good leadership and guidance to the young people of America.

I wish to join the Members and the many friends in recognizing and commending the Business and Professional Women's Clubs, Inc. of the United States of America for their outstanding achievements, and express my sincere best wishes for many more years of successful achievement.

HURRICANE SERVICE TYPIFIES CREDIT UNION SPIRIT

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, each month the number of credit unions in this country increases. In fact, there are about 500 more credit unions in operation at this time than there were at the same date last year.

One of the major reasons why the number of credit unions is expanding so rapidly is that these fine institutions are devoted to service and to helping people rather than chasing a fast buck. The lengths to which credit unions will go to help their members is clearly shown in the hurricane damaged area of Biloxi-Gulfport, Miss.

A press release issued by CUNA International, the worldwide credit union association, describes what credit unions in the Biloxi-Gulfport area are doing to help storm victims:

WHO EVER HEARD OF WET MONEY?

GULFPORT, MISS.—You may have heard of "hot" money or "sound" money, but "wet" money? Yet many of the Biloxi-Gulfport residents were mighty glad they did!

The "wet" money, more than \$20,000 of it, got soggy when six feet of water ravaged through the Pascagoula office of the Ingalls Employees Credit Union during Camille's rampages.

Two days later the money was being used to take up where Red Cross, the Salvation Army, and other relief services left off . . . in helping the 10,000 members of the credit union with their emergency needs. The credit union would have been open quicker except for the jumbled furniture which had to be picked up, the water-swollen drawers which had to be crowbarred open, and the several feet of mud in the office which had to be hosed out. As it was, the \$7 million Ingalls Credit Union—which normally handles all its transactions via electronic data processing—operated by hand for 10 days without power, lights or water in the building! Eventually, the credit union managed to get one adding machine going by running a makeshift wire from a company guard station down the road.

Credit Union Manager W. T. Avara, Jr., recalls that many dazed members were overjoyed to receive the soggy cash loans in a time when personal checks were worthless.

One of the most grateful was a Biloxi man who had lost everything . . . his house, his car and all the furnishings. With a wife and 10 children, he couldn't find a house anywhere to move into . . . until the Ingalls company offered him the use of a house they owned. Then the credit union lent him \$200 to buy groceries and to set up housekeeping.

Despite their overwhelming losses, many of the Ingalls members are showing unquenchable spirit, according to Avara. One young man whose house has been pulverized came in to borrow \$250 to buy a gas-powered saw. He figured he could clean the debris off his own property and then maybe earn back some of what he'd lost by helping other victims clear their property.

Other credit union members are still borrowing for such necessities as cars, roof repairs, jacking up walls, and buying clothing—in short, anything that insurance wouldn't cover at all or in full.

"We aren't questioning these members very much at all about their financial status," says Avara. "It isn't really necessary since we know most of them anyway. Besides, we want to help them as much as we can without overburdening them with debt," Avara cautioned.

In the days immediately following the storm, the Ingalls Credit Union also opened up an emergency office in a fire station in Biloxi to take care of members who needed to draw on their savings or make loans but had no means of transportation.

Although Ingalls is one of the largest credit unions in the area, there are 20 more of these member-owned financial cooperatives which are trying equally to help their members.

One of them is the Gulfport VA Federal Credit Union serving almost 700 employees of the beach shore hospital. Before the storm, Manager Julia D. Reed figured the credit union office was in no danger, basing her estimates on the 1947 hurricane as did almost everybody else on the Gulf Coast. After the storm, it took her several hours to work her way through the debris-choked streets. Luckily, the credit union was located in the back of the building, although three feet of water had taken its toll. If the credit union had moved across the hall into the front of the building, as had been considered, all the records would have been swept away. As it was, water gushed out of the safe when it was opened and cash sheets had floated all over the office.

Mrs. Reed loaded the water-logged records into her car and turned the vehicle into a mobile credit union office for the next two days. She dried the records out as best she could on what was left of her patio using 200 bricks as weights.

To take care of members' needs, Mrs. Reed and her staff sometimes toiled 14-16 hours a day, seven days a week, doing bookwork as well as staying open long after normal hours. In three weeks, the credit union occupied four emergency offices.

Other credit unions, unscarred themselves, are also pitching in to get people back on their feet. Keesler (Air Force Base) Credit Union, the largest in the stricken area with 20,000 members and \$8 million in assets, is doing its part by making special hurricane loans, and liberal car loans.

The hurricane loans are small emergency loans made with only a signature as security. If a member needs it, he gets it regardless of whether he has other signature loans, according to Manager Bob Wilson.

On the car loans, Wilson reports that sometimes Keesler Credit Union is lending more than 100% just so the member can get some badly needed transportation. This could easily be necessary when a depreciated insurance check doesn't completely pay off a car loan. Then the credit union would lend the member enough money to pay off his old debt to the credit union as well as to buy a new car. In one day alone, Keesler had \$91,000 in car loans paid off by insurance checks although, of course, much of the money immediately went out again in new loans.

Not all of the Gulf area credit unions are in a position to give their members a lot of help, though. Notable, is the Pass Christian Federal Credit Union which serves the poorer residents in storm-lashed Pass Christian. Virtually, all of its funds are out in loans to members, and what with the disaster, the volunteers who operate the credit union have had little time to devote to promoting more savings. Currently, the credit union is seeking administrative funding from the Office of Economic Opportunity. If this funding goes through, the credit union can afford to hire a fulltime manager to speed up

the growth of the self-help funds so needed to cope with the disaster.

The president of this credit union is well known to Pass Christian people as the man who plucked many of the old and infirm from Camille's foaming jaws on the night of the hurricane. He is Father Phillip J. McLoone, S.S.J., pastor of Our Mother of Mercy Catholic Church. According to Rev. McLoone, faith in God and several shots of whiskey helped him get through that harrowing night. Rev. McLoone and Doyle Moffett, chairman of the credit union's supervisory committee, searched through the howling, pitch-black night and using the priest's car, drove many stranded people to safer shelter.

But despite the efforts of hardworking credit unions and others, there is no doubt that the people of the Mississippi Gulf Coast are going to need all the help they can get! Some people believe that many of the hurricane victims are just beginning to come out of deep shock, and that loan needs will increase for some time. Although Uncle Sam has already advanced \$3 million to help clean up the mess and the SBA reports \$5.5 million in loan applications, this is only a small beginning.

One member at Keesler expresses the plight of many Mississippians. His home was swept away by rising water, which isn't insured under most policies. He was making \$140 a month payments to pay off his original mortgage and a Title I FHA Home Improvement Loan at the credit union. "I can't afford to make any higher payments than that," he said shaking his head. "How can I take on any more loans, no matter how reasonable?"

Mr. Speaker, the actions of these credit unions show why the credit unions have adopted the motto; "Not for profit, not for charity—but for service."

ADMINISTRATION'S MARINE SCIENCE INITIATIVES

(Mr. ANDERSON of Illinois asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ANDERSON of Illinois. Mr. Speaker, I wish to commend the administration on the five bold initiatives it is proposing in connection with our Nation's marine science policy. Most of these recommendations are taken from the report of the Commission on Marine Science, Engineering, and Resources, "Our Nation and the Sea," which was released in January of this year.

The Marine Science Commission gave a great deal of attention in its report to the problems of our coastal areas. Quoting from their report:

The coastal zone, where the rivers and shores join the sea and the Great Lakes, presents some of the most urgent environmental problems and the most immediate and tangible opportunities for improvement.

I was therefore pleased to note that three of the administration's five points relate directly to problems of the coastal zone and the Great Lakes:

First. Coastal zone management: A new Federal policy is being proposed to promote the rational development of coastal areas and the Great Lakes which will include a grant program to aid the States in planning and managing activities along the coast.

Second. Establishment of coastal laboratories: To assist in coastal environmental research, coastal marine laboratories will be established.

Third. Lake restoration: In order to guide the restoration of the Great Lakes, a pilot technological study will be made of lake pollution.

In addition to these, the administration is proposing active American involvement in the International Decade of Ocean Exploration, and Arctic Environmental Research.

Mr. Speaker, while these proposals are far reaching and significant, I think it is important to point out that this is not the extent of the administration's marine science program; it is just a first step. In the release issued from the Office of the Vice President it is noted that—

The Vice President reported five areas that the Administration has selected for immediate special emphasis in the next fiscal year pending development of a long-term program by the Administration and the Congress.

The release goes on to state that—

The President's Advisory Council on Executive Organization, headed by Roy Ash, is now evaluating the Commission's recommendation to create a new National Oceanic and Atmospheric Agency.

I feel it is necessary to emphasize that the immediate five-point program being proposed is in no way meant as a substitute for a long-range national program for the oceans, nor has the possibility of reorganization along the lines of a National Oceanic and Atmospheric Agency been ruled out by the administration. As one who has testified in favor of NOAA I am hopeful that the administration will include this in its executive reorganization plans. I feel quite strongly that such an agency is vital to the success of an overall national ocean policy.

At this point in the RECORD I include certain extraneous material relating to the administration's five-point marine science program and the ocean potential. The articles follow:

[From the Washington Post, Oct. 19, 1969]
WHITE HOUSE ASKS \$200 MILLION TO INCREASE MARINE RESEARCH
(By Thomas O'Toole)

In a major science policy move, the Nixon administration yesterday proposed to strengthen the Nation's marine research by increasing sea study spending by more than \$200 million in the next five years.

The increases cover five areas of research and break fresh ground in two places, by proposing a grant-in-aid program to help states manage their coastlines and a huge pilot study of lake water pollution to guide restoration of the Great Lakes.

The funding step-up also calls for an increase in the number of oceanographic laboratories on the Atlantic, Pacific and Gulf coasts, an acceleration of research in the Arctic and a high degree of cooperation in the International Decade of Ocean Exploration, which begins in 1970.

If Congress authorizes the program, Federal agencies will kick it all off by spending up to \$30 million on the five projects in fiscal 1971. With normal growth, total spending on the five-point proposal would run upwards of \$200 million by fiscal 1975.

Congress would also have to enact legislation to establish a national coastal development policy and to authorize a Federal grant-in-aid program to help states run their coastlines.

"The states are pivotal to solving our coastal problem," said Dr. Edward Wenk Jr., the National Marine Council's executive secretary, who outlined a part of the five-point

marine program to the press. "We need the states to help us manage our ports, our fisheries, our waste disposal, conservation—you name it, they're all part of the same thing."

To help the 21 coastal states manage their coastlines, the administration also called for the construction of new coastal laboratories "to develop a basic understanding of our 13,000-mile coastline."

"We want to know what's there," explained Dr. Wenk, "and then we want to find out what's happening to it."

The third proposal is to set up a pilot study of lake pollution, by deliberately polluting a large lake (of several hundred square miles) and then attempting to clean it up by chemical, thermal, mechanical and biological means. This is the program designed to study the feasibility of restoring the badly polluted Great Lakes.

"This will be difficult," Dr. Wenk conceded, "but we have to start somewhere. These things can't wait."

The administration would also seek funds to support the International Decade of Ocean Exploration, a 10-year project of the 1970's that was actually put forth by the U.S. more than a year ago.

Some funds have already been authorized on this project, Dr. Wenk said, but still more would be sought to step up research of the oceans to find how man is polluting them and how he can cut down that pollution.

The fifth of the five projects is one to intensify marine research in the Arctic, where oil, gas and mining exploration are on the increase and where pollution will present a special problem because of the intense cold.

"Initial emphasis will be on strengthening and broadening Arctic research," Dr. Wenk said. "Consideration will also be directed to formulating an overall policy framework for Arctic-related activities."

[From the New York Times, Oct. 19, 1969]
COASTAL AREA AID IS URGED BY NIXON—FIVE-POINT PLAN PROPOSED FOR EMPHASIS IN FIRST YEAR

(By Harold M. Schmeck, Jr.)

WASHINGTON, October 18.—The Nixon Administration proposed today a major program to cope with the most urgent national problems that stem from use and abuse of the lakes, coasts and seas.

The proposal listed five areas that have been selected for "immediate special emphasis in the next fiscal year." The emphasis would be expected to cost the Government \$25-million to \$30-million during the first year and larger sums thereafter.

The areas given top priority involve proper management and protection of the coastal zones and Great Lakes; contributions to long-range oceanic research, and special study of the Arctic region, where major oil and gas developments are expected.

The new plan was described as the first tangible by-product of a report made last January by the National Commission on Marine Science, Engineering and Resources after two years of study.

MAJOR EFFECTS SEEN

That commission, led by Dr. Julius A. Stratton, chairman of the Ford Foundation, said that the nation's use of the sea in the decades ahead would profoundly affect American security, prosperity and influence in the world.

The commission made over 100 specific proposals, some of which are reflected in the plan announced today by the National Council on Marine Resources and Engineering Development.

Today's announcement was made under the name of Vice President Agnew, chairman of the council. During a briefing earlier, Dr. Edward Wenk Jr., the council's executive

secretary, said that only items of clear and present urgency had been chosen for special emphasis now.

THE FIVE-POINT PLAN

Dr. Wenk said the proposed five-point program had been submitted to the President and approved. The announcement listed the five points of the proposal as follows:

1. A new Federal policy would be established to promote the rational development of coastal areas and the Great Lakes, with a grant program to aid states to plan and manage activities along the coast. The Federal grants would be linked to matching state contributions.

The program would be designed to insure that rapid development did not destroy limited coastal land and water resources. All competing interest in the coastal regions would have to be considered.

2. Coastal marine laboratories would be established to accelerate environmental research needed for effective management of coastal activities. These laboratories, to be supported by the Federal Government, would develop basic understanding of the coastal zone and would try to assess and predict the impact of pollution and man's use and alteration of the coastal land on coastal ecology.

3. A pilot technological study of lake pollution would be undertaken to guide restoration of the Great Lakes. A lake of manageable size would be chosen; perhaps one with an area of a few hundred square miles. Existing technology for halting pollution and undoing past damage would be tested.

4. Funding would be provided for a major United States contribution to the International Decade of Ocean Exploration scheduled for the 1970's. This international effort was proposed by the United States and endorsed by the United Nations General Assembly in December, 1968.

5. Arctic research activities would be intensified, both to permit fuller use of this rapidly developing area and to insure that such activities did not inadvertently degrade the Arctic environment. The proposal calls for the program to be directed to such things as the influence of the polar icecap on global weather and climate, the balance of life in the Arctic and the effect of Arctic conditions on human behavior and physiology. Scientists believe the Arctic is an important key to world climate.

President Nixon requested the study in February after the Commission on Marine Science submitted its report. Among its recommendations, that commission suggested the establishment of a huge new Federal unit to be called the national oceanic and atmospheric agency.

It was suggested that this organization would be the focus and marshaling force for a national effort and that it would absorb several major government units such as the Environmental Sciences Service Administration, the Coast Guard and the Bureau of Commercial Fisheries. The proposal to set up the agency is being evaluated by the President's Advisory Council on Executive Organization.

[From the Washington Post, Oct. 19, 1969]
OCEANS' GREAT AGE
(By Roger Revelle)

(NOTE.—Now Richard Saltonstall professor of population policy in the faculty of public health at Harvard University and director of the Harvard Center for Population Studies, Revelle was for many years director of the Scripps Institution of Oceanography. His article is excerpted by permission from Scientific American.)

I grew up not far from the ocean and have lived most of my adult life near the seashore. The ocean holds me in an enduring spell. Part of the spell comes from mystery—

the fourfold mystery of the shoreline, the surface, the horizon and the timeless motion of the sea.

The thin, moving line between land and water on an open coast presents a nearly impenetrable wall. The ships and fishing boats I watch from my living room window exist in a separate world, as remote as another planet.

Below the surface there is a multitude of living things, darting and watching, living and dying; theirs is an alien world I cannot see and can hardly imagine.

At the horizon, where my line of sight touches the edge of the great globe itself, I watch ships slowly disappear, first the hulls and then the tall masts, bound on voyages to unknown ports 10,000 miles away. From beyond the horizon come the waves that break rhythmically on the beach, sounding now loud, now soft, as they did long before I was born and as they will in the far future. The restless, ever changing ocean is timeless on the scale of my life, and this also is a mystery.

Part of the ocean spell comes from the interplay of light and reflection between the sea and the sky, the track of sunlight on the water and the pale or rosy colors of clouds. It was these that fascinated the greatest of all English painters, J. M. W. Turner, and inspired part of Debussy's tone poem "La Mer."

The ocean has an impact on all our senses: the unique sea smell, the crashing sound of breakers, the glitter of waves dancing under the sun and the moon, the feel of spindrift blowing across one's face, the salty, bitter taste of the water. Yet the spell of the ocean is more than mystery and sensory delight. Part of it must come from outside the senses, from half-forgotten memories and images beyond imagining, deep below the surface of consciousness.

Being an oceanographer is not quite the same as being a professional sailor. Oceanographers have the best of two worlds—both the sea and the land. Yet many of them, like many sailors, find it extraordinarily satisfying to be far from the nearest coast on one of the small, oily and uncomfortable ships of their trade, even in the midst of a vicious storm, let alone on one of those wonderful days in the tropics when the sea and the air are smiling and calm.

I think the chief reason is that on shipboard both the past and the future disappear. Little can be done to remedy the mistakes of yesterday; no planning for tomorrow can reckon with the unpredictability of ships and the sea. To live in the present is the essence of being a seaman.

The work of an oceanographer, however, is inextricably related to time. To understand the present ocean he must reconstruct its history, and to test and use his understanding he needs to be able to predict—both what he will find by new observations and future events in the sea.

Over the past two decades, there has been a marvelous increase in our understanding of the geological history of the ocean. This has come about chiefly through wide-ranging exploration of the earth under the sea by investigators of many countries, using a variety of new instruments and powerful new methods. I believe that in times to come these 20 years when men gained a new level of understanding of their planetary home will be thought of as one of the great ages of exploration.

In the wealth of new knowledge, there is no discovery more paradoxical than this: the ocean floor is younger than the ocean. Below the ancient waters, the sediments and the underlying rocks are constantly renewed. An almost continuous ridge 40,000 miles long and several hundred miles wide, rifted along much of its length by deep valleys and broken by numerous fractures, lies in the central part of the oceans—a structure on the same planetary scale as the oceans and continents themselves. Magnetic, thermal

and seismic observations show that near the summit of the ridge, new rock wells up from the mantle below and slowly moves outward across the ocean basins. Along some margins of the ocean, the spreading ocean floor moves the adjacent continents; elsewhere the floor plunges downward in deep trenches and disappears into the earth's interior.

The simplicity and grandeur of this hypothesis of sea-floor spreading has caught the imagination of earth scientists throughout the world. As a result, as Sir Edward Dullard says: "We are in the middle of a rejuvenating process in geology comparable to the one that physics experienced in the 1890s and to the one that is now in progress in molecular biology."

A NEW FREEDOM

In this same brief period, in pursuit of both scientific and economic or military objectives, man has acquired a new freedom of operation in the third dimension of the ocean.

Below the forbidding mystery of the surface, developing technology gives access to greater and greater depths and to the resources awaiting discovery and exploitation there. Offshore wells now supply a fifth of the world's oil and gas. The value of their output is already equal to half the product of the fisheries and to a fourth of the value of the services rendered by the freighters and tankers that ply the sea lanes.

Anticipation of still greater yields has brought an ominous extension of claims of national sovereignty. Beyond the narrow limits of the territorial sea, established by the range of cannon in earlier days, the 1958 Geneva Convention on the Continental Shelf gives a coastal state the exclusive right to exploit the seabed out to a depth of 200 meters or "beyond that limit, to where the depth of the superjacent waters admits of the exploration of the natural resources of the said area."

Some international lawyers have interpreted this provision to mean that as deep-water technology advances, the coastal states will be able to extend their jurisdiction out to the midpoint of the ocean basins. The long-run consequences of such a division of the ocean into national territories are appalling to contemplate. They would constitute a *reductio ad absurdum* of the concept of nation-states.

Even today, the ocean both divides and links the nations of mankind. In the past, the fate of many peoples was shaped by the sea.

The list of these peoples includes the Phoenicians, who are said to have been the first seamen to dare to sail at night, guided by the North Star; the sea kings of Crete; the Athenians; the Norsemen of the Middle Ages and their nearly antipodal contemporaries the Polynesians; the Genoans and Venetians of the late Middle Ages; the Portuguese, the Spaniards and the Dutch during the Renaissance, and the English from the 16th to the 20th centuries.

All the sea peoples shared several characteristics. In the beginning, their populations were small and their lands were poor. If they were to prosper, it had to be by commerce trade, or by finding new lands to conquer and colonize. All were courageous, ingenious, rapacious and ruthless. All were filled with a spirit of curiosity and a drive for discovery, and this was probably their unique quality.

Although some of them built great empires, none lasted in any real sense for more than a few hundred years. Their home resources were inadequate to maintain the burdens they had assumed, and the overseas outposts were without roots and unstable.

Although ships are always feminine and many of them have been named after women, the ocean world is preeminently a masculine one. Sailors talk a good deal about the lovely, pliant girls they are going to visit in the next port, and mermaids, sea nymphs and sirens

have filled their fantasies, but they usually take a dim view of women on shipboard. Because the ocean is a cruel mistress, she demands the masculine virtues of courage and strength rather than the feminine ones of compassion and sensitivity. From a human standpoint, therefore, the ocean is only a half-world and this fact has profoundly affected men's relationships to the sea.

THE SEA AND HISTORY

The relationship between nations and the sea has often been described in terms of national sea power.

The American naval theorist Alfred Thayer Mahan, in his classic work "The Influence of Sea Power Upon History, 1660-1783," held that the sea power of a state rested on three things: the production of manufactured goods in the home country for overseas trade; commerce across the seas in its own ships, and colonies or dependent states on the farther shore to provide safe ports and goods for exchange, usually raw materials to be brought back to the home country for fabrication into finished products.

The function of a navy was to advance all three elements of sea power. By dominating the sea, the navy protected the homeland from invasion and ensured that wars would be fought on other people's territory while production proceeded unimpeded at home. The navy guarded the nation's merchant ships and drove the ships of other nations off the ocean. It helped in the acquisition of colonies and ensured their subsequent docility by transporting and supplying troops and administrators and by preventing other states from interfering in these activities.

In the long periods of maritime peace imposed by the supremacy of Roman and English sea power, the sea became a medium for unifying civilization. As Sir Kenneth Clark has observed, if you had visited the public square of any Mediterranean town in the first century A.D.—in Greece, Italy, France, Asia Minor or North Africa—you would hardly have known where you were, any more than you would in a modern airport. Thus in the 18th and 19th centuries did English sea power protect the development of a new civilization around a larger ocean—the Atlanta civilization, which we are still building today.

What meaning does sea power hold for the modern world? Mahan's concepts seem outmoded in an age when superpowers can destroy each other by pushing the right buttons, when colonies have disappeared and when the North Vietnamese can laugh in the teeth of the most expensive navy the world has ever seen.

A new kind of sea power, which Mahan would scarcely recognize, now holds the center of the stage. The growing vulnerability of land-based intercontinental ballistic missiles under the impact of new weapons developments makes mutual deterrence in the balance of nuclear terror hinge increasingly on the atomic-powered submarines, armed with ballistic missiles, with which the U.S.S.R. and the United States confront each other under the seas. In part because of the effectiveness of this deterrent, the traditional uses of sea power appear to have become obsolete.

For the foreseeable future, a general war in Europe, which would require the U.S. Navy to protect vast ocean shipments of men and materials, seems the unlikely of possibilities. Navies, if they are to be for other purposes, will be employed only in small wars, of which unhappily there seems to be an abundance in this bitter second half of the 20th century, and to maintain the peace, wherever possible, along the coastlines of the world.

THE ULTIMATE RECEPTACLE

From a scientific point of view, there are many properties of the oceans and of sea water that combine to determine the relationships between man and the sea. The most

obvious are the oceans' vast area, great depth and huge volume.

Sea water is the most abundant substance accessible to man, and all the continents are islands in the midst of the world-girdling sea. The periphery, or shoreline, of the oceans is several times longer than it would need to be if the waters were contained in a simple circular basin. This long shoreline gives many peoples access to the sea and enables them to enjoy its benefits. More important, the shoreline allows relatively easy access to vast areas of the land. In the words of Mahan, "the powers ruling the sea are always near any country whose ports are open to their ships."

The fluid character of water on our planet is the miracle that makes life possible, but it also means that the oceans fill all the low places of the earth. Because of this geographical fact, the oceans are the ultimate receptacle of the wastes of the land, including the wastes that are produced in ever-increasing amounts by human beings and their industries.

The relatively high density and low viscosity of sea water are the essential qualities that make the sea surface a broad and easily traveled highway. In technical terms, the water provides a high lift-drag ratio to the ships that float on it; consequently large ships and heavy cargoes can be moved fairly rapidly across the ocean with comparatively little motive power. Maritime commerce would be impossible if sea water were as viscous as molasses, and the fuel required to carry the huge cargoes of modern ships would be prohibitively expensive if the water were as light as air.

At the same time, the combination of low viscosity and high density gives rise to the principal hazard of the sea, the giant wind-waves caused by storms that crush small ships and fiercely attack coastal structures. If the water were much more viscous, the wind could not build up high, steep waves, and if it were much lighter, the wave force would be insignificant.

The high density and fluidity of the water create a serious difficulty when men attempt to lower themselves or their equipment deep below the surface: the enormous hydrostatic pressure at great depths, which crushes all but the strongest vessels, forms air pockets in submarine cables and produces high stresses in equipment made of materials with different compressibilities.

From the human standpoint, the saltiness of sea water is its most undesirable quality. Because of its high salt content, men can neither drink it nor use it to water their crops. The ionized salts make the water a good conductor of electricity, with the result that the ocean can be penetrated for only a short distance by radio waves and electrolytic reactions between dissimilar metals or compounds proceed very rapidly.

Sea water is much less transparent to visible light than air is, but it is more transparent than most other substances. This intermediate transparency, combined with a high heat capacity and a high rate of vaporization, makes the ocean the regulator in the great thermal engine of the ocean and the atmosphere. Most of the energy of sunlight passes virtually unimpeded throughout the atmosphere into the ocean, where it is absorbed and transformed. Nearly a third of all solar energy reaching the earth's surface goes to evaporate sea water.

The thermal inertia of the sea, the circulation of the water and the geographic distribution of ocean and land profoundly influence our planet's weather and climate.

LIFE IN THE SEA

The moderate transparency and high density of sea water, and the great depth of the ocean, give life in the sea a very different character from that on land.

Photosynthesis can take place only in the waters near the surface where bright sunlight penetrates, and consequently marine

plants in the open ocean cannot support themselves on solid ground. Most marine plants have solved this problem by being extremely small, so that they have a large surface-to-volume ratio and sink or rise slowly through the water. To maintain their small size they have a short life-span, measured in hours or days rather than in the seasons or centuries that characterize land plants. Consequently, although the total production of organic matter in the most fertile regions of the ocean is higher than that in fertile land areas, the biomass of marine plants at any one time is small.

The animals of the sea have been forced to adjust themselves to this regime of the plants, with the result that the food web in the sea is much more complex than on land and the animals that can be utilized by man make up only a small part of the organic production of the ocean. The plants themselves are present in such low concentration that they cannot be economically harvested.

The potential harvest of human food from the sea is still far from being realized by human beings. Yet it will never be possible for men to obtain more than a fraction of their food requirements from the ocean.

From the biologist's point of view, one of the most important characteristics of the ocean is its great age, even on a geologic time scale. Time has been available for the evolution of many different forms of life. As a result, living things in the sea present an incredible diversity. Some 200,000 species have already been identified and new ones are found on every oceanographic expedition. Some of these are "living fossils" from the ancient past and others have evolved recently.

In former times, men were chiefly concerned with the surface of the sea, together with the near-surface waters and shallow seabed that were accessible to fishermen. As our technology advances, however, our ability to penetrate and use the entire huge volume of the ocean and to explore and exploit the seabed, even to the greatest depths, is rapidly increasing. The shape of the sea floor, the properties of the deep waters and the distribution of deep-sea resources have thus become of much greater interest than previously.

The margins of the oceans surrounding the continents, containing the continental shelves and slopes and the deeper continental rise, are probably the principal location for the most important mineral resources underneath the sea: petroleum and natural gas. The living resources seem to exist almost entirely in the upper 1,500 meters, and like the fossil fuels they are most concentrated over the continental shelves and slopes.

Submarine vehicles for both military and peaceful purposes are a spectacular element of the new marine technology. From a military point of view, the great advantage of submarines rests on the low transparency of sea water for visible light and radio waves. A deeply submerged submarine can neither be seen visually nor be detected by radar. The submarine itself would be equally blind were it not for one of the most remarkable qualities of the ocean: its capacity to transmit low-frequency sounds over great distances.

The explosion of a one-pound block of dynamite in the air can be heard for about half a mile. Such an explosion at the mid-depths in the ocean can be heard for many thousands of miles.

The ocean is far from being a perfect acoustical transmitter, however. It is full of background noises made by animals and volcanoes; the surface and the bottom scatter and absorb sound; variations in temperature and density bend and distort sound waves in complicated ways, and the ocean rings with echoes like a badly designed auditorium. To elucidate and overcome these imperfections in sound propagation is one of the major problems of marine technology.

AN INTERNATIONAL REGIME

We may confidently expect that the ocean will be far more important to mankind in the future than it has ever been in the past.

Recognition of the new opportunities in the ocean has brought a widening realization that the organization of human society into national states, which works, however imperfectly, on the land, is not well suited to the optimum utilization of the sea. A new kind of regime is needed in which the interests of all states are protected but those of humanity as a whole are paramount.

The possible nature of such a regime is now being widely discussed in the United Nations and other international forums. It is too early to forecast what may emerge. Nevertheless, it can be hoped that agreement will be reached on a set of principles somewhat as follows:

1. The resources of the high seas and the underlying seabed, outside those areas adjacent to the coasts in which the coastal states exercise certain exclusive rights, are the common heritage of mankind and shall be used and conserved in the common interest of all men. All countries shall participate in an equitable manner in the benefits gained from these resources. Individual states shall not appropriate any part of the high seas or of the underlying seabed.

2. The areas adjacent to the coasts in which coastal states exercise certain exclusive rights shall be as small as feasible, and the outer limits of these areas shall be fixed by a definite depth or distance from shore or by a formula involving both depth and distance. This outer boundary, together with the nature of the exclusive rights to be exercised, should be determined by international agreement as soon as possible.

3. Internationally coordinated action must be taken to prevent pollution of the ocean, including control of pollutants coming from the land or the air, such as pesticides, radioactive substances, poisonous chemicals and sewage; from ships, submarine or other equipment used at sea, and from exploitation of marine resources, for example, exploration, production, storage and transportation of oil and gas.

4. The freedom of scientific research in the ocean shall be kept inviolate. The exclusive rights granted to the coastal states shall not include the right to interfere with scientific research provided that the coastal state is given prior notification of the plan to conduct the research, has full opportunity to participate in it and has access to all the data obtained and samples collected, and provided that the research does not deleteriously affect marine resources or other uses of the sea.

5. Greatly intensified international cooperation and coordination in all peaceful uses of the ocean is needed to encourage and advance beneficial exploitation of marine resources and technological developments for this purpose, to ensure the conservation and rational use of resources and to minimize interference among uses of different resources and among different uses of the same resource.

6. The military uses of the ocean floor shall be as limited as practicable; in particular, no nuclear weapons shall be planted on it.

Agreement on these principles and on creation of an international regime to secure them depends largely, although by no means entirely, on the U.S. It is to be hoped that our government and people will be far-sighted enough to see that their own long-range interests lie in a generous approach to the new age of the oceans.

SERIES ON "LAW AND ENVIRONMENT"—PART IV

(Mr. SAYLOR asked and was given permission to extend his remarks at this

point in the RECORD and to include extraneous matter.)

Mr. SAYLOR. Mr. Speaker, the fourth article in the Christian Science Monitor series on law and environment approaches the subject from yet another perspective. Having pointed out some of the legal problems, tactics, and strategies, and some of the deep constitutional issues involved, the focus in the current article is on legal manpower. Legal solutions to environmental problems will not come without trained lawyers. The article underscores the poignant fact that too few of the Nation's legal minds are concerned with conservation. Potential short-term remedies to this situation were suggested at the recent Arlie House conference sponsored by the Conservation Foundation and the Conservation and Research Foundation, but the long-range problem is one of training and that probably means a significant shifting of focus in law school curriculums.

Perhaps this is the first time in legal history where the opportunity to develop a new law speciality was known prior to the time of the full development of what can be called the body of law in the subject. As the previous series articles have clearly shown, there is no legal corpus on environmental problems. With pressure from the law schools combined with pressure from the public, the drive for such a collection would be increased, thereby advancing the time when the public can be assured of full legal protection of the Nation's natural heritage.

The article follows:

CONSERVATIONISTS HAMPERED BY LACK OF LAWYERS

(By Robert Cahn)

WASHINGTON.—The public interest is rarely as ably represented legally in environmental issues as are the private interests, Dr. Charles H. W. Foster told the first Conference on Law and the Environment.

Dr. Foster was reporting the results of a survey he had conducted among leaders of conservation groups and public officials. The causes were not hard to pinpoint: Lack of financial resources by citizens or conservation groups to hire experienced lawyers; a scarcity of lawyers with experience in environmental cases, even when funds are available.

Thus, while the conservation movement has never been healthier, and is loaded with citizen volunteers, it is at a decided disadvantage in the often protracted, time-consuming legal battles the conservationists seek to initiate against encroachments from private and public developers and polluters.

NEW FRONTIER IN LAW

This situation and what to do about it was one of the principal topics of the recent two-day conference at Warrenton, Va., sponsored by the Conservation Foundation of Washington, D.C., and the Conservation and Research Foundation of New London, Conn.

It is difficult for an individual lawyer to specialize exclusively in the comparatively new field of environmental law, and still make a living, conference participants agreed.

Yet unless the lawyer does specialize, he is severely handicapped in this complicated area in which most of the precedents are on the side of the development interests. And the large law firms, financially capable of subsidizing experts in environmental law, are often unwilling to do so because they depend upon the fees of clients whose interests may conflict with defenders of the environment.

PUBLIC-DEFENDER PLAN EYED

One answer to this situation, lawyers at the conference suggested, would be to establish a system of environmental public defenders organized along the lines of groups operating in the civil-rights field such as the American Civil Liberties Union and the Legal Defense Fund of the National Association for the Advancement of Colored People.

Such a system might be coordinated by a national nonprofit legal environmental institute capable of conducting research and carrying out litigation.

No prospect of such a system is in sight. Comments Mrs. Gladys Kessler, member of a small, new law firm in Washington: "We cannot even get adequate public defenders in the field of criminal law. In environmental law, it is a million years away."

In the meantime, however, there is encouraging evidence that some environmental legal service needs are being provided to the public.

Most of the lawyers and law professors at the conference are donating a good share of their time to public-interest cases, or working for far less than usual fees.

FIRM DONATES TIME

The firm of which Mrs. Kessler is a member—Berlin, Roisman & Kessler—is dedicated primarily to environmental and consumer interests, and all three of the young partners took part in the conference. So did Ralph Nader, who devotes almost all of his time to the public interest in fighting for consumer and environmental issues.

A conference observer was Bruce Montgomery of the prestigious Washington firm of Arnold & Porter. The firm is allowing Mr. Montgomery to spend all of his time for a year in an experimental effort to organize, institute, and stimulate larger involvement in pro bono publico (for the public good) work in the fields of poverty law, civil rights, and the environment.

CLIENT IMMUNITY REQUIRED

Mr. Montgomery says he has the right to draw on up to 15 percent of the time of any or all of the 65 members of Arnold & Porter for pro bono work, which is essentially without charge to the clients.

Mr. Montgomery admitted that environment related pro bono work would necessarily have to exclude the firm's clients. And it also might be difficult or impossible to bring an environmental case against a company involved in the same business as an Arnold & Porter client, because it might establish a precedent which could later affect that client.

Mrs. Ann Louise Strong, director of the Institute for Environmental Studies at the University of Pennsylvania in Philadelphia, said she had run into the same problem when trying to get Philadelphia firms involved in pro bono environmental litigation.

"A major firm agreed to release time of their people for environmental cases," Mrs. Strong said. "The first two situations we brought them were in airport location and stream pollution. They said that clients were involved in both. Then they said: 'Find something that won't be controversial.'"

Another pioneer in the field is the Environmental Defense Fund, a nonprofit group of scientists and attorneys based in Stony Brook, N.Y. The group hires counsel to pursue scientific objectives. It has been a leader in the fight to ban DDT.

STUDY PROGRAM PROPOSED

James Moorman left his legal work with the Department of Justice this year to become the environmental attorney for the Center for Law and Social Policy, a nonprofit educational organization established in Washington. The center seeks to handle cases in which clients cannot afford counsel.

A large new area of opportunity lies in development of environmental programs in more of the nation's law schools, the con-

ference was told by Daniel Tarlock, professor of law at Indiana University. Student interest in the environmental area is on the rise, he said. But law schools have been slow to establish necessary curriculum reform.

"In most law schools, the compulsory courses are those required to pass the bar exam: tax law, corporation law, accounting, modern real estate, contracts," says Malcolm Baldwin of the Conservation Foundation. "They are not as illustrative of social conflicts and relevant community needs as courses on environmental law."

AMERICA'S WORKING WOMEN

(Mr. GETTYS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. GETTYS. Mr. Speaker, the Business and Professional Women's Clubs which are active in my district and in every congressional district in this country have been a potent force in improving opportunities available for working women and in bringing additional dignity and prestige to the roles which women play in business and industry and government.

These fine organizations have, along with many other worthwhile activities, supported with vigor and effectiveness responsible and significant legislative programs. And they have done much to provide stimulating associations and incentives for advancement for individual working women and to instill in them renewed pride in the usefulness of their occupations and professions.

During this National Business Women's Week, I think it fitting that we pay tribute to those women of America who now staff counters and desks and offices and laboratories and clinics and operating rooms in almost all possible careers. They are doing well and creditably a lot of hard, demanding, responsible jobs. And in the course of earning a livelihood and making their contribution of efficiency and resourcefulness to their callings, they add a measure of feminine grace to the work-a-day world in which we men strive to keep up with them.

OCCUPATIONAL SAFETY AND HEALTH ACT

(Mr. SANDMAN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. SANDMAN. Mr. Speaker, it is ironic that while we work and pray for peace in Vietnam, more Americans have been killed on the job in the past 4 years than on those battlefields. Few know that occupational injuries kill more than 14,000 persons every year, disable another 2 million, and cost 250 million man-days of production.

Unless a catastrophe occurs, like the West Virginia coal mine disaster, no newsmen or TV cameras alert the Nation as its workers die, or are maimed, singly and alone. These industrial casualty lists go on year after year despite a half century of organized safety activity in industry, by unions, and in State and Federal Governments.

Pioneers in industry and elsewhere have taught us how to control most work hazards; how to prevent most accidents and injuries; yet the Nation's injury rate

still rises. This can only mean that we have failed to apply universally the safety know-how we have.

Now the time has come for a comprehensive occupational safety and health act which will build on the experience and expertise we have so painfully acquired; which will utilize the resources of State and Federal agencies to research job health and safety problems; to develop and enforce National standards. President Nixon has presented such a bill to Congress. I earnestly urge its passage.

CONFERENCE REPORT ON H.R. 10595, GREAT PLAINS CONSERVATION PROGRAM

Mr. POAGE submitted the following conference report and statement on the bill (H.R. 10595) to amend the act of August 7, 1956 (70 Stat. 1115), as amended, providing for a Great Plains conservation program:

CONFERENCE REPORT (H. REPT. No. 91-584)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 10595) to amend the act of August 7, 1956 (70 Stat. 1115), as amended, providing for a Great Plains conservation program, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"That section 16(b) (1) of the Soil Conservation and Domestic Allotment Act, as amended, is amended to read as follows:

"(1) the Secretary is authorized, within the amounts of such appropriations as may be provided therefor, to enter into contracts of not to exceed ten years with owners and operators of land in the Great Plains area having such control as the Secretary determines to be needed of the farms, ranches, or other lands covered thereby; but such contracts shall be entered into with respect to lands, other than farms or ranches, only where erosion is so serious as to make such contracts necessary for the protection of farm or ranch lands. Such contracts shall be designed to assist farm, ranch, or other land owners or operators to make, in orderly progression over a period of years, changes in their cropping systems or land uses which are needed to conserve, develop, protect, and utilize the soil and water resources of their farms, ranches, and other lands, and to install the soil and water conservation measures and carry out the practices needed under such changed systems and uses. Such contracts may be entered into during the period ending not later than December 31, 1981, with respect to farms, ranches, and other lands in counties in the Great Plains area of the States of Colorado, Kansas, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, and Wyoming, designated by the Secretary as susceptible to serious wind erosion by reason of their soil types, terrain, and climatic and other factors. The land owner or operator shall furnish to the Secretary a plan of farming operations or land use which incorporates such soil and water conservation practices and principles as may be determined by him to be practicable for maximum mitigation of climatic hazards of the area in which such land is located, and which outlines a schedule of proposed changes in cropping systems or land use and of the conservation measures which are to be carried out on the farm,

ranch, or other land during the contract period to protect the farm, ranch, or other land from erosion and deterioration by natural causes. Such plan may also include practices and measures for (a) enhancing fish and wildlife and recreation resources, (b) promoting the economic use of land, and (c) reducing or controlling agricultural related pollution. Inclusion in the farm plan of these practices shall be the exclusive decision of the land owner or operator. Approved conservation plans of land owners and operators developed in cooperation with the soil and water conservation district in which their lands are situated shall form a basis for contracts. Under the contract the land owner or operator shall agree—

"(i) to effectuate the plan for his farm, ranch, or other land substantially in accordance with the schedule outlined therein unless any requirement thereof is waived or modified by the Secretary pursuant to paragraph (3) of this subsection;

"(ii) to forfeit all rights to further payments or grants under the contract and refund to the United States all payments or grants received thereunder upon his violation of the contract at any stage during the time he has control of the land if the Secretary, after considering the recommendations of the soil and water conservation district board, determines that such violation is of such a nature as to warrant termination of the contract, or to make refunds or accept such payment adjustments as the Secretary may deem appropriate if he determines that the violation by the owner or operator does not warrant termination of the contract;

"(iii) upon transfer of his right and interest in the farm, ranch, or other land during the contract period to forfeit all rights to further payments or grants under the contract and refund to the United States all payments or grants received thereunder unless the transferee of any such land agrees with the Secretary to assume all obligations of the contract;

"(iv) not to adopt any practice specified by the Secretary in the contract as a practice which would tend to defeat the purposes of the contract;

"(v) to such additional provisions as the Secretary determines are desirable and includes in the contract to effectuate the purposes of the program or to facilitate the practical administration of the program.

"In return for such agreement by the landowner or operator the Secretary shall agree to share the cost of carrying out those conservation practices and measures set forth in the contract for which he determines that cost sharing is appropriate and in the public interest. The portion of such cost (including labor) to be shared shall be that part which the Secretary determines is necessary and appropriate to effectuate the physical installation of the conservation practices and measures under the contract;"

"Sec. 2. Section 16(b) (2) of said Act is amended to read:

"(2) the Secretary may terminate any contract with a land owner or operator by mutual agreement with the owner or operator if the Secretary determines that such termination would be in the public interest, and may agree to such modification of contracts previously entered into as he may determine to be desirable to carry out the purposes of the program or facilitate the practical administration thereof or to accomplish equitable treatment with respect to other similar conservation, land use, or commodity programs administered by the Secretary;"

"Sec. 3. Section 16(b) (7) of said Act is amended, to read:

"(7) there is hereby authorized to be appropriated, without fiscal year limitations, such sums as may be necessary to carry out this subsection: *Provided*, That the total cost of the program (excluding administrative costs) shall not exceed \$300,000,000, and for

any program year payments shall not exceed \$25,000,000. The funds made available for the program under this subsection may be expended without regard to the maximum payment limitation and small payment increases required under section 8(e) of this Act, and may be distributed among States without regard to distribution of funds formulas of section 15 of this Act. The program authorized under this subsection shall be in addition to, and not in substitution of, other programs in such area authorized by this or any other Act." and the Senate agree to the same.

That the House recede from its amendment to the title of the bill and agree to the same.

W. R. POAGE,
FRANK A. STUBBLEFIELD,
GRAHAM PURCELL,
PAGE BELCHER,
CHARLES M. TEAGUE,

Managers on the Part of the House.

JAMES O. EASTLAND,
SPESSARD L. HOLLAND,
B. EVERETT JORDAN,
GEORGE D. AIKEN,
HENRY BELLMON,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two houses to the amendment of the Senate to the bill (H.R. 10595) to amend the Act of August 7, 1956 (70 Stat. 1115), as amended, providing for a Great Plains conservation program, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report.

The differences between the House bill and the Senate amendment and how those differences were reconciled in the conference are as follows:

(1) The Senate amendment included specific language to give the Secretary more flexibility in entering into contracts where customary control is through annual leasing. Both the reports from the U.S. Department of Agriculture and the House Committee on Agriculture and stated this as a purpose of the legislation. The House conferees accepted this Senate amendment.

(2) The Senate amendment also included specific language to limit the Secretary's contract authority on land units that are not generally considered as farms or ranches to instances where erosion control is necessary. Both the reports from the U.S. Department of Agriculture and the House Committee on Agriculture had stated this as a purpose of the legislation. The House conferees accepted this Senate amendment also.

(3) The Senate amendment retained the \$150 million authorization in present law which *excludes* administrative costs and runs through December 31, 1971. The Senate amendment also authorized an additional \$250 million for the 10-year period ending December 31, 1981, but *included* administrative costs within this authorization. The House bill carried a total authorization of \$300 million for the Great Plains program through calendar year 1981 and *excluded* all administrative costs from this authorization.

The net effect of the Senate amendment was to authorize some \$25 million to \$37.5 million more for cost-sharing than the House version. Since the authorized expenditures under the present law must be subtracted from the \$300 million authorization provided in the House bill, the House version, even though *excluding* administrative costs, provided a smaller authorization during the next 12 years than the Senate amendment. The Conference Committee accepted the House language in regard to both the authorization and the exclusion of administrative costs.

(4) There were several typographical and clerical changes in the Senate amendment

which were accepted by the House conferees.

(5) The Senate amendment changed the title of the bill so as to amend Section 16(b) of the Soil Conservation and Domestic Allotment Act. The title of the House bill provided for the amendment of the Act of August 7, 1956 (70 Stat. 1115), the original statute enacting the Great Plains program. The House conferees accepted this Senate amendment.

W. R. POAGE,
FRANK A. STUBBLEFIELD,
GRAHAM PURCELL,
PAGE BELCHER,
CHARLES M. TEAGUE,

Managers on the Part of the House.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MAILLIARD, for the remainder of the week, on account of official business.
Mr. CORMAN, for Tuesday, October 21, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. BROWN of California, for 60 minutes, on October 23.

Mr. PATMAN, for 60 minutes, on October 21, and on October 22, for 60 minutes.

Mr. HECHLER of West Virginia, for 1 hour, today.

Mr. GROSS, for 30 minutes, today.

Mr. CONTE (at the request of Mr. LANDGREBE), for 20 minutes, today; to revise and extend his remarks and include extraneous matter.

(The following Members (at the request of Mr. PREYER of North Carolina), to revise and extend their remarks and include extraneous matter:)

Mr. REUSS, for 30 minutes, today.

Mr. GONZALEZ, for 10 minutes, today.

Mr. RYAN, for 60 minutes, on November 14.

EXTENSIONS OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. SAYLOR.

Mr. ANNUNZIO (at the request of Mr. BARRETT) to extend his remarks in Committee of the Whole following Mr. BARRETT.

(The following Members (at the request of Mr. LANDGREBE) and to include extraneous matter:)

Mr. ROUDEBUSH.

Mr. BUTTON.

Mr. MCKNEALLY in two instances.

Mr. WYMAN in two instances.

Mr. BROOMFIELD.

Mr. CHAMBERLAIN.

Mr. NELSEN.

Mr. BRAY in three instances.

Mr. ASHBROOK in two instances.

Mr. CONTE in two instances.

Mr. RHODES in five instances.

Mr. SCHWENGEL in two instances.

Mr. WOLD.

Mr. LANDGREBE.

Mr. KUYKENDALL.

Mr. CRAMER.

Mr. DUNCAN.

Mr. WYDLER.
Mr. ANDREWS of North Dakota.
Mrs. MAY.
Mr. HOGAN.
Mrs. DWYER.
Mr. SCOTT.
Mr. WIDNALL.
Mr. WYATT.
Mr. DERWINSKI in two instances.
(The following Members (at the request of Mr. PREYER of North Carolina) and to include extraneous matter:)

Mr. BOLAND.
Mr. GAYDOS in three instances.
Mrs. GRIFFITHS.
Mr. PEPPER.
Mr. DINGELL in three instances.
Mr. PURCELL.
Mr. MIKVA in six instances.
Mr. GONZALEZ in two instances.
Mr. MURPHY of New York.
Mr. TUNNEY.
Mr. LEGGETT.
Mrs. SULLIVAN in four instances.
Mr. RARICK in two instances.
Mr. NICHOLS in two instances.
Mr. THOMPSON of New Jersey in four instances.
Mr. KYROS.
Mr. EILBERG.
Mr. WILLIAM D. FORD in two instances.
Mr. KASTENMEIER in two instances.
Mr. OTTINGER.
Mr. HAGAN in two instances.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule referred to as follows:

S. 2264. An act to amend the Public Health Service Act to provide authorization for grants for communicable disease control and vaccination assistance; to the Committee on Interstate and Foreign Commerce.

S. 2452. An act to amend section 211 of the Public Health Service Act to equalize the retirement benefits for commissioned officers of the Public Health Service with retirement benefits provided for other officers in the uniformed services; to the Committee on Interstate and Foreign Commerce.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 74. An act to place in trust status certain lands on the Standing Rock Sioux Indian Reservation in North and South Dakota;

S. 775. An act to declare that the United States shall hold certain land in trust for the Three Affiliated Tribes of the Fort Berthold Reservation, North Dakota; and

S. 921. An act to declare that certain federally owned land is held by the United States in trust for the Cheyenne River Sioux Tribe of the Cheyenne River Indian Reservation.

BILLS PRESENTED TO THE PRESIDENT

Mr. FRIEDEL, from the Committee on House Administration, reported that that committee did on the following days present to the President, for his approval, bills of the House of the following titles:

On October 20, 1969:

H.R. 12781. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1970, and for other purposes; and

H.R. 13194. An act to authorize special al-

lowances for lenders with respect to insured student loans under title IV-B of the Higher Education Act of 1965 when necessary in the light of economic conditions in order to assure that students will have reasonable access to such loans for financing their education, and to increase the authorizations for certain other student assistance programs.

On October 21, 1969:

H.R. 11039. An act to amend further the Peace Corps Act (75 Stat. 612), as amended.

ADJOURNMENT

Mr. PREYER of North Carolina. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 57 minutes p.m.) the House adjourned until tomorrow, Wednesday, October 22, 1969, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1268. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize and foster joint rates for international transportation of property, to facilitate the transportation of such property, and for other purposes; to the Committee on Interstate and Foreign Commerce.

1269. A letter from the Executive Director, National Conference on Citizenship, transmitting the annual audit of the Conference for the fiscal year ended June 30, 1969, pursuant to the provisions of section 2, Public Law 88-504; to the Committee on the Judiciary.

1270. A letter from the Comptroller General of the United States, transmitting a report of a special review of the administration of aid to families with dependent children in New York City, conducted jointly by the Department of Health, Education, and Welfare and the New York State Department of Social Services; to the Committee on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. STAGGERS: Committee of conference. Conference report on S. 1689 (Rept. No. 91-581). Ordered to be printed.

Mr. WAGGONER: Committee on House Administration, H.R. 13949. A bill to provide certain equipment for use in the offices of Members, officers, and committees of the House of Representatives, and for other purposes (Rept. No. 91-582). Referred to the Committee of the Whole House on the State of the Union.

Mr. GALLAGHER: Committee on Foreign Affairs. House Concurrent Resolution 178. Concurrent resolution to express the sense of Congress on participation in the Ninth International Congress on High Speed Photography, to be held in Denver, Colo., in August 1970 (Rept. No. 91-583). Referred to the House Calendar.

Mr. POAGE: Committee of conference. Conference report on H.R. 10595 (Rept. No. 91-584). Ordered to be printed.

Mr. YOUNG: Committee on Rules. House Resolution 586. Resolution providing for the consideration of H.R. 14001, a bill to amend the Military Selective Service Act of 1967 to authorize modifications of the system of selecting persons for induction into the Armed

Forces under this act (Rept. No. 91-585). Referred to the House Calendar.

Mr. SISK: Committee on Rules. House Resolution 587. Resolution providing for the consideration of H.R. 6778, a bill to amend the Bank Holding Company Act of 1956, and for other purposes (Rept. No. 91-586). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DERWINSKI:

H.R. 14425. A bill to provide for the issuance of a commemorative postage stamp in honor of the 1,000th anniversary of the birth of St. Stephen of Hungary; to the Committee on Post Office and Civil Service.

By Mr. SAYLOR:

H.R. 14426. A bill to provide additional penalties for the use of firearms in the commission of certain crimes of violence; to the Committee on the Judiciary.

By Mr. FULTON of Tennessee:

H.R. 14427. A bill to provide for the more efficient development and improved management of national forest commercial forest land, to establish a high timber yield fund, and for other purposes; to the Committee on Agriculture.

H.R. 14428. A bill to authorize the Federal National Mortgage Association to purchase conventional mortgages, and for other purposes; to the Committee on Banking and Currency.

H.R. 14429. A bill to increase the availability of guaranteed home loan financing for veterans and to increase the income of the national service life insurance fund; to the Committee on Veterans' Affairs.

By Mr. GILBERT:

H.R. 14430. A bill to amend the Social Security Act to provide increases in benefits under the old-age, survivors, and disability insurance program, to provide health insurance benefits for the disabled, and for other purposes; to the Committee on Ways and Means.

By Mr. GILBERT (for himself, Mr. ADAMS, Mr. ADDABBO, Mr. ANNUNZIO, Mr. BIAGGI, Mr. BRASCO, Mr. BURTON of California, Mr. BUTTON, Mr. BYRNE of Pennsylvania, Mr. CAREY, Mrs. CHISHOLM, Mr. CLARK, Mr. CONYERS, Mr. DENT, Mr. EDWARDS of California, Mr. FARBERSTEIN, Mr. FEIGHAN, Mr. FLOOD, Mr. GRAY, and Mrs. GREEN of Oregon):

H.R. 14431. A bill to amend the Social Security Act to provide increases in benefits under the old-age, survivors, and disability insurance program, to provide health insurance benefits for the disabled, and for other purposes; to the Committee on Ways and Means.

By Mr. GILBERT (for himself, Mr. HALPERN, Mr. HECHLER of West Virginia, Mr. HICKS, Mr. HOWARD, Mr. KLUCZYNSKI, Mr. KOCH, Mr. LEGGETT, Mr. MADDEN, Mr. MATSUNAGA, Mr. MKVA, Mr. O'KONSKI, Mr. OLSEN, Mr. O'NEILL of Massachusetts, Mr. PODELL, Mr. POWELL, Mr. PRICE of Illinois, Mr. PUCINSKI, Mr. REES, Mr. ROONEY of Pennsylvania, Mr. SCHEUER, Mr. TIERNAN, and Mr. TUNNEY):

H.R. 14432. A bill to amend the Social Security Act to provide increases in benefits under the old-age, survivors, and disability insurance program, to provide health insurance benefits for the disabled, and for other purposes; to the Committee on Ways and Means.

By Mr. KOCH:

H.R. 14433. A bill to provide long-term financing for expanded urban mass trans-

portation programs, and for other purposes; to the Committee on Banking and Currency.

By Mr. NICHOLS:

H.R. 14434. A bill to provide a pension for veterans of World War I and their widows; to the Committee on Veterans' Affairs.

By Mr. RYAN:

H.R. 14435. A bill to amend section 236 of the National Housing Act and section 101 of the Housing and Urban Development Act of 1965 to reduce from 25 to 20 percent of the tenant's income the maximum rent which may be charged for a dwelling unit in a section 236 project or a dwelling unit qualifying for assistance under the rent supplement program; to the Committee on Banking and Currency.

By Mr. TEAGUE of Texas (by request):

H.R. 14436. A bill to amend title 38, United States Code, to provide special rates of dependency and indemnity compensation for widows of veterans who had certain service-connected disabilities, to provide a death gratuity for such widows, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. YATRON:

H.R. 14437. A bill to amend title II of the Social Security Act to provide a 50-percent, across-the-board increase in monthly benefits thereunder, with the resulting benefit costs being borne equally by employers, employees, and the Federal Government; to the Committee on Ways and Means.

By Mr. BOLAND:

H.R. 14438. A bill to protect interstate and foreign commerce by prohibiting the movement in such commerce of horses which are "sored," and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CRAMER:

H.R. 14439. A bill to amend the Internal Revenue Code of 1954 to increase the penalties for the unlawful transportation of narcotic drugs and to make it unlawful to solicit the assistance of or use a person under the age of 18 in the unlawful trafficking of any such drug; to the Committee on Ways and Means.

By Mr. HASTINGS:

H.R. 14440. A bill to encourage the growth of international trade on a fair and equitable basis; to the Committee on Ways and Means.

By Mr. JOHNSON of California (for himself, Mr. DON H. CLAUSEN, Mr. WYATT, Mr. DELLENBACK, and Mr. SISK):

H.R. 14441. A bill to provide a method for paying costs of fires caused without negligence in connection with national forest timber sales operations; to the Committee on Agriculture.

By Mrs. MAY:

H.R. 14442. A bill to provide for payments on certain outstanding bonds or other obligations secured by lands acquired for Federal reclamation projects, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MELCHER:

H.R. 14443. A bill to amend the Tariff Act of 1930 so as to exempt certain private aircraft entering or departing from the United States and Canada at night or on Sunday or a holiday from provisions requiring payment to the United States for overtime services of customs officers and employees; to the Committee on Ways and Means.

By Mr. MILLER of Ohio:

H.R. 14444. A bill to encourage the growth of international trade on a fair and equitable basis; to the Committee on Ways and Means.

By Mr. NELSEN:

H.R. 14445. A bill to amend the Internal Revenue Code of 1954 with respect to the additions to the reserves for bad debts of certain agricultural and livestock credit corporations; to the Committee on Ways and Means.

By Mr. WHITE:

H.R. 14446. A bill to provide for the construction and maintenance of a fence near the international boundary between the United States and Mexico in the city of El Paso, Tex.; to the Committee on Ways and Means.

By Mr. CHARLES H. WILSON:

H.R. 14447. A bill to provide additional benefits for optometry officers of the uniformed services; to the Committee on Armed Services.

By Mr. ABERNETHY (for himself, Mr. WAGGONNER, Mr. DOWDY, Mr. HENDERSON, Mr. MONTGOMERY, Mr. BLANTON, Mr. GETTYS, Mr. GRIFFIN, Mr. ANDREWS of Alabama, Mr. McMILLAN, and Mr. HAGAN):

H. Con. Res. 420. Concurrent resolution expressing the sense of the Congress with respect to the revocation of the United Nations economic sanctions against Southern Rhodesia; to the Committee on Foreign Affairs.

By Mr. DE LA GARZA:

H. Con. Res. 421. Concurrent resolution urging the adoption of policies to offset the adverse effects of governmental restrictions upon the housing industry; to the Committee on Ways and Means.

By Mr. NICHOLS:

H. Con. Res. 422. Concurrent resolution urging the adoption of policies to offset the adverse effects of governmental monetary restrictions upon the housing industry; to the Committee on Ways and Means.

By Mr. WAGGONNER:

H. Con. Res. 423. Concurrent resolution expressing the sense of the Congress to the revocation of the U.N. sanctions against Southern Rhodesia; to the Committee on Foreign Affairs.

By Mr. WILLIAM D. FORD:

H. Res. 585. Resolution establishing a Select Committee on Congressional Mailing Standards; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FRELINGHUYSEN:

H.R. 14448. A bill for the relief of Catrina Nappo; to the Committee on the Judiciary.

By Mr. SHRIVER:

H.R. 14449. A bill for the relief of Eugene M. Sims, Sr.; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

300. By Mr. COUGHLIN: Petition of resolution of Upper Gwynedd Township, Montgomery County, Pa., regarding tax status of municipal bonds; to the Committee on Ways and Means.

301. By the SPEAKER: Petition of the City Council, Marysville, Calif., relative to the Army Corps of Engineers flood control project fund for the fiscal year 1970-71; to the Committee on Appropriations.

302. Also, petition of Board of Levee Commissioners, Marysville, Calif., relative to the Army Corps of Engineers flood control project fund for the fiscal year 1970-71; to the Committee on Appropriations.

303. Also, petition of Lake City Council No. 26, Junior Order United American Mechanics, Lake City, Tenn., relative to placing the flag in public school classrooms; to the Committee on Education and Labor.

304. Also, petition of the Board of Commissioners, Livingston County, Mich., relative to achieving peace in Vietnam; to the Committee on Foreign Affairs.