Blythe, Wayne T., xxxxxxxxx.
Boomhouwer, Jacob, xxxxxxxxx.
Bushey, Harry M., Jr., xxxxxxxxx.
Cabaniss, Ronald E., xxxxxxxxx.
Chandler, Frederick R., Jr., xxxxxxxxx.
Collie, Allan L., xxxxxxxxx.
Crudele, Michael, xxxxxxxxx.
Donn, Jack J., xxxxxxxxx.
Evanskaas, Jean M., xxxxxxxxx.
Flint, James D., xxxxxxxxx.
Gentry, Jay M., xxxxxxxxx.
Gilligan, James P., xxxxxxxxx.
Gilligan, Tony R., xxxxxxxxx.
Goff, James G., xxxxxxxxx.
Graybeal, Wayne T., xxxxxxxxx.
Harley, James A., xxxxxxxxx.
Haverkamp, William C., xxxxxxxxx.
Heise, Jan A., xxxxxxxxx.
Hill, Duane E., xxxxxxxxx.
Holmberg, John L., xxxxxxxxx.
Hutchinson, Marcus C., xxxxxxxxx.
Jackson, Jay W., xxxxxxxxx.
Joseph, Gilbert W., xxxxxxxxx.
Knouff, Warren I., xxxxxxxxx.
Lambert, Kerrick B., xxxxxxxxx.
Leach, Kenneth W., xxxxxxxxx.
Little, Donald R., xxxxxxxxx.
Loughridge, Billy C., xxxxxxxxx.
Lowell, Robert J., xxxxxxxxx.
McDonald, Woodrow W., Jr., xxxxxxxxx.
McKeever, William E., xxxxxxxxx.
Miller, Nicholas P., xxxxxxxxx.
Murray, Michael P., xxxxxxxxx.
Murray, Robert L., Sr., xxxxxxxxx.
Oppliger, Donald R., xxxxxxxxx.
Patterson, Gail F., xxxxxxxxx.
Pedersen, Jan N., Jr., xxxxxxxxx.
Phipps, William R., Jr., xxxxxxxxx.
Propeck, Timothy J., xxxxxxxxx.
Ray, David L., xxxxxxxxx.
Robertson, John R., xxxxxxxxx.
Rogovy, Frederick D., xxxxxxxxx.
Russell, Robert A., xxxxxxxxx.
Schankel, Richard E., xxxxxxxxx.
Schoon, Steven W., xxxxxxxxx.
Seekamp, John F., xxxxxxxxx.
Shaw, Brewster H., Jr., xxxxxxxxx.
Sopato, Frank, xxxxxxxxx.
Sternal, Guy J., xxxxxxxxx.
Thrash, Charles M., xxxxxxxxx.
Underwood, Dennis D., xxxxxxxxx.
Vanderlinde, Robert H., xxxxxxxxx.
Vankeuren, Gerald M., Jr., xxxxxxxxx.
Waltman, John C., xxxxxxxxx.
Walztoni, Dennis R., xxxxxxxxx.
Whiteford, Frederick G., Jr., xxxxxxxxx.

The following distinguished graduates of the Air Force Reserve Officer Training Corps for appointment in the Regular Air Force in the grade of second lieutenant, under the provisions of section 8284, title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force:

Booth, Kevin E., xxxxxxxxx.
Livingston, Farrand M., xxxxxxxxx.
Nieset, James R., xxxxxxxxx.
Norton, Thomas J., xxxxxxxxx.
Prochazka, James V., xxxxxxxxx.
Thompson, William C., Jr., xxxxxxxxx.

The following distinguished graduates of the Air Force Reserve Officer Training Corps for appointment in the Regular Air Force, in the grade of second lieutenant, under the provisions of chapter 103, title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force:

Beckmann, Joel W., xxxxxxxxx.
Birdlebough, Michael W., xxxxxxxxx.
Cook, James L., xxxxxxxxx.
Couture, James E., xxxxxxxxx.
Cowan, John D., xxxxxxxxx.
Dixon, Byron H., xxxxxxxxx.
Drennan, Jerry D., xxxxxxxxx.
Flinn, William E., Jr., xxxxxxxxx.
Harbour, Linn S., xxxxxxxxx.
Harper, Robert W., xxxxxxxxx.
Kirk, Stuart C., xxxxxxxxx.
Lind, Christopher T., xxxxxxxxx.
McElroy, Gerald P., xxxxxxxxx.
Smith, Michael L., xxxxxxxxx.
Tewhey, John D., xxxxxxxxx.
Troxclair, Robert R., xxxxxxxxx.
Vernon, Homer M., Jr., xxxxxxxxx.

CONFIRMATIONS

Executive nominations confirmed by the Senate, November 5, 1969:

U.S. Attorneys

S. John Cottone, of Pennsylvania, to be U.S. attorney for the middle district of Pennsylvania for the term of 4 years.

Paul C. Camilletti, of West Virginia, to be U.S. attorney for the northern district of West Virginia for the term of 4 years.

U.S. Marshals

James T. Lunsford, of Alabama, to be U.S. marshal for the middle district of Alabama for the term of 4 years.

Robert D. Olson, Sr., of Alaska, to be U.S. marshal for the district of Alaska for the term of 4 years.

Thomas Edward Asher, of Kentucky, to be U.S. marshal for the eastern district of Kentucky for the term of 4 years.

Denny L. Sampson, of Nevada, to be U.S. marshal for the district of Nevada for the term of 4 years.

Seibert W. Lockman, of North Carolina, to be U.S. marshal for the western district of North Carolina for the term of 4 years.

Leon T. Campbell, of Tennessee, to be U.S. marshal for the middle district of Tennessee for the term of 4 years.

Raymond J. Howard, of Wisconsin, to be U.S. marshal for the eastern district of Wisconsin for the term of 4 years.

Subversive Activities Control Board

Paul J. O'Neill, of Florida, to be a member of the Subversive Activities Control Board for a term of 5 years expiring August 9, 1974.

HOUSE OF REPRESENTATIVES—*Wednesday, November 5, 1969*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

He that doeth the will of God abideth forever.—I John 2: 17.

Eternal Father of our spirits, grant that in the worship of this moment and in the work of this day we may bear witness to the fact that we are Thy children. In our relationship with each other may we be generous in our criticism, just in our judgments, lavish in our praise, and loyal to the best in all of us.

Give us insight into the needs of our generation, inspiration to do something about them, and the confident assurance that Thou art with us, sustaining us, and supporting us, as we endeavor to keep our Nation great in goodness and good in greatness.

Unite us with all who are striving to safeguard our heritage of liberty and to keep our country forever the land of the free, the home of the brave, and the place where dwells justice and peace and good will.

In the spirit of Christ we offer our morning prayer. 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 insists upon its amendment to the bill (H.R. 4293) entitled "An act to provide for continuation of authority for regulation of exports," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Muskie, Mr. Williams of New Jersey, Mr. Mondale, Mr. Hughes, Mr. Tower, Mr. Bennett, and Mr. Brooke to be the conferees on the part of the Senate.

PROVIDING FOR CONSIDERATION OF MILITARY CONSTRUCTION APPROPRIATION BILL FOR 1970

Mr. SIKES. Mr. Speaker, I ask unanimous consent that it may be in order any day next week after Wednesday to consider the military construction appropriation bill for 1970.

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

There was no objection.

PROVIDING FOR A BETTER NATIONAL SYSTEM OF INSPECTION OF EGGS AND EGG PRODUCTS

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

Mr. SMITH of Iowa. Mr. Speaker, I am today joining with the gentleman from Texas (Mr. Purcell) and the gentleman from Washington (Mr. Foley) in introducing a bill to provide for a better national system of inspection of eggs and egg products. The need for such an inspection system has increased rapidly in the last few years. More and more products eaten in the homes today contain egg products which were formerly processed outside of the home.

As late as a generation ago, most of the cakes, pies, and ice cream were made and baked in the home. The housewife cracked her own eggs and could control the handling of the egg all the time it was out of the shell, but today a large portion of the cakes and pies and other bakery goods used are produced commercially from products including dried eggs which were produced in a different plant. Eggs can be a major carrier of salmonellosis and I believe do contribute considerably to this important communicable disease. Even people in hospitals who are trying to recover from some other disease may be subjected to Salmonella infection because such institutions purchase so many food products containing dried eggs.

As a result of some private investigations and other information now available which showed a shocking disre-

gard by a few processors of dried eggs, this bill is in my opinion greatly needed and one of the most important consumer bills that will be introduced in this Congress. It is a natural followup to the meat inspection and poultry inspection bills passed by the last Congress and I hope that it will receive favorable and speedy consideration.

THE LATE HONORABLE FRANK G. CLEMENT

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

Mr. ANDERSON of Tennessee. Mr. Speaker, it is with deep sorrow that I report to the House the untimely death of a distinguished constituent and Tennessean, the Honorable Frank G. Clement. Former Governor Clement, who fought long and hard for improved highway safety, was killed in a tragic automobile accident last night near his home outside Nashville.

Governor Clement served three terms as chief executive of our State, and was, when first elected at age 32, the Nation's youngest Governor. His entire life has been devoted to public service—in the U.S. Army, the FBI, as general counsel of the Tennessee Public Utilities Commission, and then as Governor.

Tennessee has lost a most distinguished and able son; the Nation has lost an avid servant and patriot.

I know that his many friends here in the House join me in expressing deepest sympathy to Mrs. Clement, to his three sons, Robert, Frank, Jr., and James, to his parents, and all the members of his family.

Mr. Speaker, my distinguished colleague, the gentleman from Tennessee (Mr. FULTON), has obtained a special order at the close of legislative business today for those who wish to join in paying tribute to the memory of Governor Clement.

PENTAGON FIRES EXPERT ON C–5 COSTS

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

Mr. TUNNEY. Mr. Speaker, I saw in the Washington Post today that Ernest Fitzgerald has been fired by the Department of Defense, apparently because as an Air Force efficiency expert he testified before the Senate Joint Economic Subcommittee last year and indicated that there was going to be an overrun of approximately $2 billion on the C–5A aircraft. Shortly after he testified, he was relieved of his responsibilities and was put in charge doing such a tremendously important job as looking into the bowling alleys in Thailand to determine whether or not they were complying with cost efficiency policies.

Mr. Speaker, I cannot believe why the Secretary of Defense, a man who while he was in the Congress indicated that he was very much concerned about the importance of having cost reductions in defense expenditures, would allow Ernest Fitzgerald to be fired. The reasons for the firing were expressed to Fitzgerald by his boss, Assistant Air Force Secretary Spencer J. Schedler. According to the Post report Schedler said:

> We have the cost reduction exercise going, and in order to do our work with a smaller number of people, we are abolishing your job and one other, a secretary's.

It seems to me to be a rather ridiculous situation. Why should a man who testifies to the Congress that we are having incredible cost overruns, be the first fired in a cost-reduction program? If a man employed by the executive branch cannot in honesty testify to Congress any more on cost overruns without losing his job, what sort of oversight power does the Congress have?

It makes a mockery out of the proposition that powers of Government are balanced between the executive and Congress. The new creed apparently is that Congress is entitled to the facts only so long as these facts correspond with what department and agency chiefs believe Congress is entitled to know.

HOBSON, SELF-CONFESSED MARXIST, IS DEFEATED BY THE VOTERS

(Mr. WAGGONNER asked and was given permission to address the House for 1 minute.)

Mr. WAGGONNER. Mr. Speaker, the gentleman who just preceded me in the well, the gentleman from California (Mr. TUNNEY), spoke of having found interesting news items in this morning's newspaper. I, too, read the Washington Post and found some interesting news items myself.

Mr. Speaker, yesterday's elections were a mixed bag, as they say, with some considered good men being elected and some of the judged bad being elected. There was one piece of news that should be encouraging to every American, however, and that is that the self-confessed Marxist, Julius Hobson, was defeated in his attempt to be reelected to the School Board here in Washington. It could not have happened to a more deserving radical.

PUNITIVE REGIONAL RULINGS BY THE SUPREME COURT

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

Mr. HAGAN. Mr. Speaker, I was utterly shocked at the latest U.S. Supreme Court ruling ordering immediate desegregation of schools.

This is a matter of the Supreme Court integration timetable, as usual, taking precedence over the education and welfare of our students of all races.

Actually, it should come as no surprise to anyone, since it is in the tradition of the punitive regional rulings practiced by the Supreme Court for the past 20 years.

A CHALLENGE FOR THE AMERICAN PUBLIC

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

Mr. CONABLE. Mr. Speaker, a leader in the other body said last week that President Nixon's November 3 speech to the American people on Vietnam would be the most important of his career. That may or may not be so. Surely it was one of the most important. Judging from the elections yesterday, the American people felt that the President was more than equal to the occasion.

The challenge he faced was a tough one. "What will you do to end the war?" was the question which the public was asking. In his address the President spelled out both what he has done and what he will do to bring an end to the fighting. He gave the people the full and candid answer, appealing to their sense of history and to their commonsense.

But President Nixon also did something else in that speech. He turned the tables on the American public. He answered the people's question and then posed, for them, a new one: "What will you do to help end the conflict?" For the speed with which the war will be ended clearly depends on the progress of negotiations, and negotiations, as the President so compellingly demonstrated, depend in large measure on the solidarity of American opinion. The President concluded:

> North Vietnam cannot defeat or humiliate the United States. Only Americans can do that.

It was a blunt statement—simple and clear and accurate. "Let us be united for peace," he added.

It was said that President Nixon's speech would be the most important of his career. Well, he faced that test and did not prove wanting. In answering over the next few weeks the challenge which the President put to them, the American people themselves are facing what may be their most important moment.

ELECTION TRENDS

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

Mr. GERALD R. FORD. Mr. Speaker, we have all heard considerable comment recently about special election trends, so perhaps I may be permitted to do some vote analysis of my own today, on the first anniversary of President Nixon's victory in 1968.

It seems plain to me that the great silent majority of Americans who went to the polls yesterday continued and intensified the Republican tide which began to flow in the congressional elections of 1966 and will inevitably lead, I am confident, to further gains in the 92d Congress and in other State and local elections next year.

While a spot poll shown me at the White House this morning showed that 77 percent of the American people ral-

lied behind President Nixon on his Vietnam policy of peace with honor, it is hard to say what effect, if any, this had on yesterday's balloting. What is obvious is that the impressive Republican victories rolled up were not restricted to any local district or to one region of the country. As David Broder, a foremost political observer, observed in this morning's Washington Post:

Republican candidates have won important victories in two important states, one the most urbanized state of the populous Northeast and the other a former Democratic bastion in the South. Local GOP candidates ran well in Philadelphia, Newark and a number of other major cities.

Republicans will now hold 32 of the 50 State governorships, and I want to congratulate our colleague, BILL CAHILL, on his impressive victory in New Jersey. The contest for a vacant Democratic seat in the House is still a cliff hanger. I also congratulate Lin Holton, and the other successful Republicans in Virginia, for their fine showing. It was a great day of victory for the Nixon administration and the Republican Party.

SILENT MAJORITY OPINION INDICATED BY ELECTION RESULTS

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

Mr. THOMPSON of Georgia. Mr. Speaker, the result of the elections yesterday I feel is the first concrete evidence we have of the silent majority opinion in this country as regards the President's position on Vietnam.

The night before these elections the President went on television and spoke to the American people and told the story as it was. He did not embellish it. He did not make it sound better than it was nor worse than it was.

I found it interesting last night, as I was watching one of the local television channels here, to notice that the congressional opponents to the President's position in Vietnam were given five separate interviews to give their positions. Following that, there were three Members supporting the President's position, and following that there were two separated dissident groups who were going to demonstrate against our policies in Vietnam. In other words, 7-to-3 against the President was the box score of time that was allotted by this public media on this one television station last night.

It is because the news media of this country and their policy of censorship by virtue of their ability to allot public viewing time that there is confusion as to how the Americans feel about Vietnam. Some of that confusion was cleared up in the elections in Virginia and in New Jersey yesterday. The vast silent majority spoke by the votes they cast and they support the President's policy.

THE POLITICAL SIGNIFICANCE OF YESTERDAY'S ELECTION

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

Mr. FRELINGHUYSEN. Mr. Speaker, I should like to rise to comment further on what the minority leader just discussed, the political significance of yesterday's elections.

First, all of us on both sides of the aisle can take pride in the overwhelming victory which our colleague, BILL CAHILL, won in New Jersey. It is a real tribute to him. He has been an able legislator here and a popular individual. It is quite obvious that his political appeal, which transcends party lines, was reflected in the victory which he won in our State yesterday.

Perhaps we should not have been surprised that it was a landslide victory, because he is a man of experience and character, but I believe the solidity of the vote is a tribute both to the man and to the policies which he will carry out.

Unquestionably, in my own opinion, the visit of President Nixon to our State the week before the election played a role in the decisive nature of the victory of the gentleman from New Jersey (Mr. CAHILL). The President recognizes the value of an effective relationship between Washington and the State houses. He recognizes also the leadership qualities of our friend, Congressman CAHILL. For that reason he came up to my hometown of Morristown and also to Hackensack and urged his election.

In my opinion this is a day we can all take pride in. In New Jersey we have every reason to rejoice in BILL CAHILL'S tremendous victory which represents the dawning of more effective government in one of the great industrial States of our Union.

VICTORIES BY GRADUATES OF THE MINORITY OF THE HOUSE JUDICIARY COMMITTEE

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

Mr. McCULLOCH. Mr. Speaker, I, too, am happy, as are my colleagues who talked about the remarkable victory of John Lindsay for mayor of the great city of New York, and of BILL CAHILL for Governor of the great State of New Jersey. You know, they both are graduates of the House Judiciary Committee as are Senator HUGH SCOTT, former Senator Kenneth Keating, Gov. Arch Moore, Circuit Court of Appeals Judge George McKennon, U.S. District Court Judge James Battin, and William Miller, 1964 Republican nominee for Vice President.

PRESIDENT NIXON'S PART IN THE REPUBLICAN VICTORIES YESTERDAY

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

Mr. HUNT. Mr. Speaker, it is with great pride that I take to the floor today to discuss the great victories the Republican Party won yesterday not only in the State of New Jersey but also in the State of Virginia.

I am derivative of Virginia stock, having originated somewhat from the small town of Williasmburg, Va., and having been transplanted in essence to New Jersey.

I was interested in what Mr. Holton had to say and what his adversary had to say.

I am also proud to say that for a number of years I have been quite close to BILL CAHILL. In fact, he is the gentleman who interested me in coming to the Congress of the United States. His victory is much more sweet to me because it enhances, in my estimation, the remarks made by my colleagues on both sides of the House about the President of the United States, Richard Milhous Nixon.

Members may recall that on October 29, 1969, this year, a few days ago, I, along with other Republicans from this House accompanied the President to Hackensack, N.J., and Morristown, N.J. to stump for BILL CAHILL. After the speech was in at all three places by the President some members of the press media, said in essence in many places, apparently hoping that Mr. CAHILL and Mr. Holton would not win, that the President had squarely committed himself and his policy to the campaign. They said that if these men, Lin Holton and BILL CAHILL did not win then of course his prestige—meaning the President—would be damaged.

I wish the press now would be a little bit more charitable in their remarks and today say, "Yes, today we acknowledge the fact that the tremendous victories won by Mr. Holton, the new Governor of Virginia, and by BILL CAHILL of New Jersey, most certainly reflect the image of President Nixon and support his thoughts and everything he is standing for at the present time.

I would think that a statement of that nature would be charitable and that we should say, "Yes," the President is a good man and he committed himself to the American people wholeheartedly and honestly in an effort to create a peaceful attitude in the world. He fought cleanly, fairly, and squarely and did not castigate any party but simply said that he appealed to Democrats, Republicans, and independents on behalf of my good friends, Mr. Holton, and Mr. CAHILL.

PRESIDENT NIXON WINS VOTE OF CONFIDENCE

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

Mr. RHODES. Mr. Speaker, President Nixon wins a vote of confidence of 77 percent of Americans on his Vietnam policies. Among those persons who listened to his Vietnam speech Monday night, only 6 percent expressed outright opposition to the President's program for ending the Vietnam war. Seventeen percent of our people are undecided.

In a test of the Nation's first reactions to the speech, a series of questions were put to a total of 501 adults, living in 286 localities, in a nationwide telephone sur-

vey conducted Monday evening immediately following the speech.

Approximately seven persons in 10 contacted heard the speech. Among this group, interviewers found a large percentage of Americans who were impressed and reassured by President Nixon's remarks. A minority expressed disappointment that the President did not come up with new ideas to end the war.

The predominant view at this point is that the President is pursuing the only course open to him. The idea of "Vietnamization" of the war has particular appeal to the public.

About half of the people interviewed—49 percent—think President Nixon's proposals are likely to bring about a settlement of the war. Twenty-five percent think they are not likely to do so, and another 26 percent are undecided.

Eight in every 10—77 percent—of those contacted expressed satisfaction with President Nixon's program for troop withdrawal, 13 percent expressed dissatisfaction, while another 10 percent are undecided.

By a 6 to 1 ratio, the persons contacted agree with President Nixon that moratoriums and public demonstrations are harmful to the attainment of peace in Vietnam but most also share the President's belief that people in this country have a right to make their voices heard.

THE PACE IS ALL IMPORTANT

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

Mr. MACGREGOR. Mr. Speaker, in the light of the President's November 3 speech, it is clear that the question now is not whether America should disengage from the war in Vietnam, but rather how fast, how far, and on what terms.

It is tempting to say that if we are going to get out anyway, we ought to get out now. Indeed, some say precisely that.

But this ignores the whole reason for our being there. It turns its back on the consequences. It would throw away all that we have struggled for through 4 long, grueling years, just at the moment when for the first time our Government does have a careful, consistent, functioning plan to achieve peace with honor while withdrawing American forces.

In carrying out such a plan, the pace of withdrawals is all important. Withdrawing too slowly would risk sinking us back into the quagmire we were in before this year; but withdrawing too rapidly would undercut our allies in South Vietnam and jeopardize the chance to achieve a lasting peace.

This administration, which reversed its predecessor's policies and set the withdrawal plan in motion, is not going to let America fall back into the old quagmire. Accepting that fact, we should also accept the fact that only those in full possession of the information on which the pace of withdrawals has to be based are in a position to set the precise timetable.

Therefore, let us give the new administration a chance to make its plan work. Both constitutionally and as a matter of operational necessity, Mr. Nixon bears the responsibility for these decisions. He has demonstrated that he has a carefully conceived plan. The evidence shows that his plan is working. The troops are coming home. So let us not throw rocks in the path of progress. After all, it is the lives and safety of our troops, and it is the future of peace that is at stake.

THE ELECTIONS OF YESTERDAY

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

Mr. MYERS. Mr. Speaker, on a number of occasions, five to be specific, we have had special elections in this country. I have noticed that the day after the special elections we had a rather vocal group come in and advise this body and the Nation just why the elections went the way they did. In four instances they went Democrat, and on each occasion these advisers stated that it represented a repudiation of President Nixon's programs and policies.

I expected today to listen to that advice again, but we failed to hear it. Last Monday night President Nixon spoke about that great silent majority of this Nation. I was not real sure where that silent majority was. But today when we had no words of advice from these members as to why the elections went the way they did yesterday, I know where part of that silent majority is. It is the majority that is silent right here in this body.

MILITARY WEAPONS PROCUREMENT AND RESEARCH AND DEVELOPMENT AUTHORIZATION, 1970

Mr. RIVERS. Mr. Speaker, I call up the conference report on the bill (S. 2546) to authorize appropriations during the fiscal year 1970 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles, and research, development, test, and evaluation for the Armed Forces and to authorize the construction of test facilities at Kwajalein Missile Range, and to prescribe the authorized personnel strength of the Selected Reserve of each Reserve component of the Armed Forces, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

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

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of November 4, 1996, page 10522.)

Mr. RIVERS. Mr. Speaker, this is what happened in the conference on S. 2546, the military weapons procurement and research and development bill.

The bill as presented to the Congress by the President totaled $21,963,660,000. The bill as it passed the House totaled $21,347,860,000. The bill as it passed the Senate totaled $200,001,586,000, including $12,700,000 for construction of facilities at Kwajalein.

The bill as agreed to in conference totals $20,723,202,000, including the facilities at Kwajalein.

The agreement arrived at by the conferees is $624,658,000 less than the bill as it passed the House, $721,616,000 more than the bill as it passed the Senate, and $1.25 billion less than the bill as it was presented to the Congress by the President.

PROCUREMENT

AIRCRAFT

Major items in disagreement in the procurement section of the bill included $86 million for 170 AH–1G Cobra helicopters, on which the Senate receded. A second aircraft in dispute was the A–7E, for which $104 million had been requested by the Navy. On this one, also, the Senate receded. The House will recall the switch made by the Senate involving $374.7 million for A–7D and F–4E aircraft for the Air Force. Under the Senate provision, the Air Force would have received no A–7D close air support aircraft but would have been forced to rely on the F–4E to perform a multiple role, including close air support. Both the Department of the Air Force and the Department of Defense appealed to the House and Senate to restore the funds requested in the budget for the A–7D aircraft. The Senate receded on this issue, also.

Three other Air Force aircraft procurement programs were in dispute in the conference. The House receded on these issues, which included the following: $23 million for A–37B aircraft and spares, $21.5 million for the T–X trainer aircraft, and $40 million for B–52/SRAM modifications.

The Senate bill included a proviso earmarking funds for the F–4 aircraft and denying all funds for the A–7 aircraft requested by the Air Force. The Senate receded on this proviso.

MISSILES

Under the missile procurement section of the authorization bill, the House had deleted $142 million for the TOW antitank missile. This action would have terminated the TOW procurement program. The conferees agreed to restore $100 million of the amount, with an agreement that both the TOW and the Shillelagh would be reevaluated for use as an antitank weapon in both the air and ground modes. The House conferees were of the opinion that the two antitank missiles are similar in performance characteristics and, therefore, reflect unnecessary duplication in our weapons inventory. The House conferees receded from their position eliminating the TOW missile with the greatest reluctance and wish to make it abundantly clear that the House Committee on Armed Services will continue to review the development of this missile with the utmost scrutiny.

The Senate deleted $20.4 million for procurement of the short-range attack missile—SCRAM. The conferees agreed to the restoration of this amount with the

insistance that prior to the commitment of any production funds the Air Force should make certain that the development problems on this missile have been satisfactorily resolved.

NAVAL VESSELS

The Senate provided for a shipbuilding program of $52,568,200,000. The House provided for a shipbuilding program of $3,591,500,000.

In recognition of the Navy's dire need to obtain new naval vessels with modern equipment as quickly as possible, the conferees agreed upon a shipbuilding program of $2,973,300,000. This final figure is $608,300,000 less than the amount in the House and $415,000,000 more than the Senate bill.

The shipbuilding program of the Senate was accepted as a base to which was added $415,000,000 for the program containing the Navy's nine highest priority items in the House bill, except for the long leadtime items for the CVAN–70.

The remaining eight approved high priority items are discussed in the statement of the managers on the part of the House.

The House bill also contained a provision requiring the construction of the new type destroyers of the class DD–963 to be built in at least three shipyards. Because of the advanced state of the contracting procedures for this class of destroyers, the conferees agreed to remove this requirement on this class of destroyer at this time. However, the conferees strongly point out the necessity of developing and maintaining the shipbuilding capability for all kinds of combatant and support ships on the east coast, the west coast, and the gulf coast.

TRACKED COMBAT VEHICLES

The House version of this section of the bill was $81.7 million below that of the Senate due to reductions made totaling $52.5 million on the General Sheridan vehicle, a reduction of $25.4 million for the main battle tank, and $3.8 million for the M–60A12E2 tank. In conference, the House agreed to restore $9 million of the amount cut from the General Sheridan program, which would allow the Army to exercise an option under an existing contract to procure an additional quantity of approximately 100 vehicles at the previous price. The conferees also agreed to include $20 million for the main battle tank, which would enable the Army to initiate production if the results of the current evaluation and review by the Department of Defense are favorable. This decision is scheduled to be made in December of this year.

The House receded from its reduction on the M–60 tank to enable the Army to complete its modification program.

In summary, the procurement portion of the bill is $512 million less than the bill as it passed the House and is $326.8 million less than the amount requested by the administration.

RESEARCH AND DEVELOPMENT

In research and development, the conferees agreed on a total of $7,308,742,000, including $12,700,000 for construction of facilities at Kwajalein. The House Members will recall that the Kwajalein facilities were previously approved in our military construction authorization bill.

The amount agreed on is $913,658,000 less than that requested by the Nixon administration and is $112,658,000 less than that previously approved by the House.

The conference agreement reflects a reduction in the defense research and development budget of approximately 11 percent with one exception, the emergency fund, which was reduced 21 percent.

Some of the specific adjustments made in the conference were as follows:

The House receded on $8 million for the heavy lift helicopter, $14.9 million for the main battle tank, $25 million for the S–3A aircraft, $10 million for the undersea long-range missile system, $22.8 million for the advanced surface missile system, $24 million for the free world fighter aircraft, $13 million for the RF–111 aircraft, $1 million for the light intratheater transport aircraft, $16 million for the CONUS air defense interceptor, and $9.7 million for the SRAM.

The aforementioned items reflect reductions in the amount authorized.

On programs reflecting an increase in the R. & D. budget, the House conferees receded on the A–X aircraft, $8 million, and the Kwajalein facilities, $12.7 million.

TITLE III—RESERVE FORCES

Title III of the bill sets the authorized strength for the Reserve components for fiscal year 1970.

Only minor differences existed in this section. The Senate accepted the troop strength figures in the House version and the extension of reporting date for Reserve components, and the House receded on the provision relating to equipment of Reserve components.

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

Mr. RIVERS. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, if the gentleman wishes, I will be glad to withhold any questions until later.

Mr. RIVERS. Mr. Speaker, I think unless the gentleman has a question on the general provisions, it might be well to let us go along and we may answer some of his questions as we proceed.

Mr. ANDERSON of California. Mr. Speaker, will the gentleman yield?

Mr. RIVERS. I yield to the gentleman from California.

Mr. ANDERSON of California. Mr. Speaker, on the three shipyard requirement, I was not quite clear. That concerns my district. I was quite concerned that the shipbuilding be spread around and not be located at one base. What assurance do we have, if we accept this, as to how that will be spread around?

Mr. RIVERS. We have the assurance it will be national, spread over the country to include the gulf, the East, and the West. That is the reason we put in the requirement for more than two shipyards, but they have gone so far in contracts that we let them do it this year on the DD–963 class destroyers. We will watch it closely to be sure the entire industry participates in the shipbuilding of any category, whether it be destroyers or not.

Mr. ANDERSON of California. Why could that not have remained in? Why could it not have applied to any subsequent construction rather than have it knocked out?

Mr. RIVERS. We think it will be applied. We have several million, in addition to what has been settled by the DOD. I think it will be done that way.

Mr. Speaker, I yield now to the gentleman from Illinois (Mr. ARENDS) such time as he may consume.

Mr. ARENDS. Mr. Speaker, the House, I am sure, recalls the discusion on the $52 million requested for long leadtime items for the C–5A aircraft and the funds included in the House version of the procurement authorization for a new free world fighter. In a letter from the Secretary of Defense dated October 6, 1969, the Secretary stated:

> The Department's position concerning C–5A aircraft in the FY 71 program will be determined during this fall's review of the FY 71 program and budget requirements. In order to preserve the option for an affirmative decision, it is requested that $52 milion be added to the House bill.

This information differed from that earlier received by the committee during its markup of the bill. In addition, the Secretary of Defense submitted a letter strongly endorsing the concept of a free world fighter and requesting the Senate to approve the language and funds contained in the House bill. The conferees agreed to support both of these programs within the total amount authorized for Air Force aircraft procurement in the Senate version of the bill, which was $36.5 million less than the amount contained in the House version. In the case of the free world fighter, the conferees agreed that of the total amount authorized for aircraft procurement, an amount not to exceed $28 million shall be available to initiate the procurement of a fighter aircraft to meet the needs of the free world forces in Southeast Asia and to accelerate the withdrawal of U.S. forces from South Vietnam and Thailand.

The conferees further agreed that the Air Force, prior to the obligation of any funds for this program, should conduct a competition for the aircraft which should be selected on the basis of the threat as evaluated and determined by the Secretary of Defense.

GENERAL PROVISIONS

The House and Senate versions of the bill contain a number of general provisions relating to the activities of the Department of Defense and there were substantial differences that had to be ironed out in conference.

I would like to briefly summarize our actions on these various provisions.

SOUTHEAST ASIA SUPPORT

The House bill, as in past years, contained language authorizing the use of funds in the legislation for support of South Vietnam and other free world forces in South Vietnam and for related purposes. The Senate version of the bill contained a limitation on expenditure of such funds of $2.5 billion, and

also contained restrictive language limiting use of funds to support forces in Laos and Thailand to provide supplies, materiel, equipment, facilities, and training.

The conferees agreed upon a compromise version of the provision which contained the limitation of $2.5 billion but eliminated any other restrictive language.

NUCLEAR CARRIER STUDY

The Senate bill contained a provision prohibiting the authorization of funds for a nuclear-powered aircraft carrier until such time as Congress had completed a comprehensive study and investigation of the costs and effectiveness of aircraft carriers, and a review of the considerations that went into the decision to maintain the present number of attack carriers.

The House conferees strenuously opposed this requirement. However, the Senate conferees were adamant in their position and insisted that the authorization of another carrier would endanger the bill on the Senate floor. The House conferees, therefore, receded with an amendment providing that the study of the need for carriers would be conducted jointly by the House and Senate Armed Services Committees. The study is to be completed prior to April 30, 1970.

INDEPENDENT RESEARCH AND DEVELOPMENT

The Senate bill contained language designed to force a 20-percent reduction in the contemplated expenditures for independent research and development, bid and proposal, and other technical effort costs. These are the funds that defense industries use to insure the advance capabilities of their technical efforts.

The conferees spent many, many hours debating the merits of any restriction on this form of defense expenditure. The gentleman from California (Mr. GUBSER) was particularly persuasive in urging the conferees to avoid precipitous action in this area.

The conferences agreed upon revised language providing that funds authorized for independent research and development, bid and proposal, and other technical effort, shall be limited to 93 percent of the funds contemplated to be used for this purpose in the defense procurement and research and development, test and evaluation program for fiscal year 1970.

I want to make it clear that the conferees of both Houses feel that our knowledge in this area is inadequate, and your committee intends to look fully into this matter of independent research and development in reviewing the defense program in the coming year. At that time we will determine whether any further legislative restriction is required. I want it very clearly understood that the language of this year's bill applies only to fiscal 1970 funds and is not to be considered as a precedent for future legislation.

ASSISTANT SECRETARY FOR HEALTH AFFAIRS

The conference report retains the provision in the House version of the bill which provides an Assistant Secretary for Health Affairs for the Department of Defense. It was only after the most strenuous urging of the House conferees that the Senate agreed to this section. The language of the conference report provides for an additional Assistant Secretary of Defense who shall be designated as the Assistant Secretary for Health Affairs.

EXPANDING AUTHORIZATION REQUIREMENT

The House bill contained a provision extending the requirment for authorization prior to appropriation to all vehicles, other weapons in addition to those now required by legislation, and all ammunition.

The House has drafted this additional requirement, which represents a considerable additional workload for the committee, in response for what it felt was the wishes of the House for closer oversight of the procurement functions of the Department of Defense. The Senate conferees pointed out the extended time period required to pass the bill in its present form this year and the considerable additional work that would be required as a result of the House amendment. The conferees therefore agreed upon a substitute provision extending the authorization requirement only to "other weapons." As used in this context, the term "other weapons" includes heavy, medium, and light artillery, antiaircraft artillery, rifles, machineguns, mortars, small arms or weapons, and any crew-fired piece using fixed ammunition.

TROOP STRENGTH CEILING

The House version of the bill provided a ceiling of 3,285,000 on the active duty personnel strength of the Armed Forces after July 1, 1970. The corresponding provision of the Senate bill set a strength limit of 3,461,000 and would have required a corresponding reduction in this total whenever the active duty strength in Vietnam was reduced.

The Senate receded and accepted the House figure.

SALARY LIMITATION FOR EMPLOYEES OF FEDERAL CONTRACT RESEARCH CENTERS

Both the House and Senate versions of the legislation provided a limit of $45,000 per year on the salaries paid to employees of Federal contract research centers.

The House version was limited to salaries paid with Department of Defense funds; the Senate version included salaries paid from any funds. The Senate conferees receded with an amendment limiting the restriction to salaries paid from any Federal funds.

The House version provided that exceptions to this ceiling must be approved by the Secretary of Defense under regulations prescribed by the President; the Senate version required that exceptions must be approved by the President.

The Senate receded.

STUDY OF DEFENSE CONTRACTOR PROFITS

The Senate bill authorized and directed the General Accounting Office to conduct a study of profits by Government contractors. The House amendment contained no similar language.

The House receded from its position with an amendment requiring the Comptroller General to conduct a study on a selective representative basis.

The amendment provides that none of the information obtained by this study shall be disclosed to any person not authorized by the Comptroller General to receive such information, without the consent of the contractor or subcontractor concerned.

I would also like to point out that the provision as finally agreed upon does not give subpena power to the General Accounting Office as would have been provided by the Senate bill. The House conferees felt very strongly that the Congress should retain this power and not provide it to the General Accounting Office on an unrestricted basis since the General Accounting Office is an arm of the legislative branch. Should contractors fail to cooperate with the General Accounting Office in this study, the Committees on Armed Services can provide subpenas as required to assure the access of needed information.

NOTIFICATION ON R. & D. CONTRACTS AT UNIVERSITIES

The House version of the bill contained a provision which required detailed reports from the Department of Defense on research and development contracts with colleges and universities. The information supplied would have included a statement summarizing a record of the college and university concerned in regard to cooperation on all military matters including ROTC and military recruiting on campus. The Senate bill contained no such provision and after extended discussion, the House conferees reluctantly receded in their position.

As spelled out fully in the statement of the managers on the part of the House, however, the House conferees strongly believe the American people are entitled to full information as to the manner in which the defense dollars are spent on R. & D. contracts for universities and on the identify of personnel who might be entrusted with classified security information. This matter will continue to get the most careful scrutiny by this committee and we have served notice to the Department of Defense that detailed information on this entire subject matter will be required when authorization of this kind of expenditure is considered in the future so that the committee can objectively assess the policy governing the award of R. & D. contracts.

TITLE V—GAO QUARTERLY REPORTS

The Senate bill contained a separate title, title V, which would have required quarterly audit reports by the General Accounting Office on major defense contracts. The House conferees strongly felt that this provision would have created an impossible burden and would not have supplied any information not now attainable under present law. The House conferees were able to maintain their position in a conference and the Senate conferees receded.

SUMMARY

I should point out that the conferees accepted the provision in the Senate bill authorizing $12.7 million for military construction of research and development facilities at Kwajalein, which construction was previously approved by the House in the military construction au-

thorization bill, and this additional authorization is reflected in the Senate title of the bill which was accepted by the House conferees.

The bill as presented to the Congress by the President totaled $21,963,660,000. The bill as passed by the Senate totaled $20,001,586,000. The House version of the bill totaled $21,347,860,000.

The bill as agreed to in conference totaled $20,723,202,000.

The final conference figure is $624,658,000 less than the bill as it passed the House, $721,616,000 more than the bill as it passed the Senate.

The final conference figure is $1.25 billion less than the bill presented by the President.

Mr. GROSS. Mr. Speaker, would the distinguished chairman of the Armed Services Committee yield to me for one or two questions?

Mr. RIVERS. Mr. Speaker, I yield to the distinguished gentleman from Iowa.

Mr. GROSS. Mr. Speaker, in view of the terribly costly, multibillion-dollar fiasco of the TFX, later to be known as the F–111, is there any money in this bill now as a result of the conference for a continuation of this fiasco?

Mr. RIVERS. Only in one configuration. There is about $2 million in this bill for the reconnaissance version of the 111, known as the RF–111, which would amount to about $2 million-plus. The conferees agreed to that.

Mr. GROSS. Is the gentleman saying this is to be the last money for this particular plane?

Mr. RIVERS. Unless this money develops something that we do not know about. We are hopeful that with the expenditure of this money we will get more out of this plane than it looks like we will get.

Mr. GROSS. Unless there is some beneficial effect from the expenditure of this last $2 million, I would hope that the committee next year would provide no money at all for the continuation of what has been one of the most costly aircraft failures in the history of this country. I believe the gentleman will agree with that statement.

Now, one other question with respect to chemical and biological warfare. Does the gentleman feel that the conference in any way hampered the ability of this country in looking to the future with respect to chemical and biological warfare?

Mr. RIVERS. The gentleman from Massachusetts (Mr. PHILBIN) will handle that part of the bill, and he is going to make an address to the committee on that. He can answer your question.

I yield to the gentleman from Massachusetts.

Mr. PHILBIN. Mr. Speaker, procurement and research and development, test, and evaluation efforts in relation to the area of chemical and biological warfare would be severely restricted under the provision contained in the Senate bill. A provision in the House bill provided less restrictive language.

The House version of the bill contained a floor amendment which modified the restrictions contained in the Senate language.

We are all aware that this subject has received extended discussion in the public press. It also received extended discussion in the conference.

The Senate conferees were adamant that some restrictions had to be provided on C.B. & W. efforts. The House conferees agreed, and insisted that our deterrent capabilities be retained in this area.

Conferees from both Houses agreed that this area of our defense effort requires more detailed study by the Congress in the future.

The conferees agreed on an amended version of the language placing restrictions on the transportation, open-air testing, overseas handling and procurement of offensive delivery systems of lethal chemical agents and any biological agents and requiring semiannual reports on all funds obligated and expended in the entire chemical and biological program. The intent of this revised language is fully spelled out in the statement of the managers on the part of the House, and, therefore, I will not take the time of the House to go into it in detail here. I can assure the House that this area of our Defense Establishment will continue to receive the closest scrutiny.

Now I will be happy to answer the question of my able, distinguished friend from Iowa.

There is nothing in this bill that will in any sense be harmful or injurious to the present capabilities we have in this area. However, the bill does provide for certain safeguards, which I am sure the gentleman understands are needed in this area that have been so well demonstrated by recent events.

I want to assure the gentleman further that this committee intends to keep very careful scrutiny over this entire area of chemical warfare, and we will follow up very carefully what the provisions of this bill require, and what the conferees have agreed upon to be included in the bill.

Mr. GROSS. As a member of the subcommittee of the Committee on Foreign Affairs which held hearings on the transportation of these chemical and biological weapons, I commend the committee and the conference for having set up more stringent controls for transportation, but I do not yield to the sentiment in this country which apparently would outlaw or hamper the ability of the United States to wage chemical and biological warfare if it were attacked by another nation using these weapons. In other words, I simply do not want to see the program hampered insofar as the United States is concerned to the point where we do not have reliable weapons for retaliation in this area. No one in his right mind could want to see chemical or biological warfare but until all other world powers agree to the elimination of these weapons. This country must have them available.

Mr. PHILBIN. I can assure the gentleman from Iowa that that is not the case. We have been very careful in the consideration of this matter. I thank the gentleman for his interest and contribution.

Mr. GROSS. I thank the gentleman.

Mr. RIVERS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

CALL OF THE HOUSE

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

The SPEAKER pro tempore (Mr. BOGGS). Evidently a quorum is not present.

Mr. McFALL. 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:

[Roll No. 259]

Ashley	Gallagher	Pepper
Barrett	Giaimo	Pirnie
Berry	Gray	Powell
Blackburn	Green, Pa.	Price, Tex.
Bolling	Griffin	Pucinski
Brown, Calif.	Halpern	Reifel
Byrne, Pa.	Hathaway	Rooney, N.Y.
Cahill	Hébert	Rooney, Pa.
Carter	Howard	Rosenthal
Celler	Jarman	Scheuer
Clark	Kirwan	Sisk
Conable	Lowenstein	Smith, Calif.
Coughlin	McClory	Steiger, Ariz.
Daddario	Mathias	Stokes
Dawson	Monagan	Udall
Derwinski	Moorhead	Ullman
Diggs	Morton	Utt
Esch	Mosher	Whalley
Fascell	Murphy, N.Y.	Wolff
Flynt	Passman	Wyatt
Foley		

The SPEAKER pro tempore. On this rollcall 370 Members have answered to their names, a quorum.

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

INCREASED AUTHORIZATION FOR FOOD STAMP PROGRAM, 1970

Mr. POAGE. Mr. Speaker, I move to suspend the rules and pass the joint resolution (H.J. Res. 934) to increase the appropriation authorization for the food stamp program for fiscal year 1970 to $610,000,000.

The Clerk read as follows:

H.J. RES. 934

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 16(a) of the Food Stamp Act of 1964 is amended by striking "$340,000,000" and inserting "$610,000,000".

The SPEAKER pro tempore. Is a second demanded?

Mr. BELCHER. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Texas is recognized.

Mr. POAGE. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, this resolution simply increases the authorization for the food stamp program as it now exists from $340 million in the present authorization

and appropriation to $610 million, which is the amount which the Secretary of Agriculture has stated he could efficiently use during the current fiscal year.

This resolution does not change any other part of the basic act. Our Committee on Agriculture has held long hearings on such changes. I hope that it will be possible to bring out a comprehensive bill in regard to Food Stamps and other agriculture matters. If possible we will report such a bill before Christmas. This resolution does not involve the fundamental bill, but this resolution is needed now. The Department of Agriculture says it needs it. The Appropriations Committee is now meeting in conference with the Senate. They need action on this item.

There is general agreement on this resolution. It does not commit anyone to any aspect of the basic program, but it does provide the authority which is presently needed. It was reported by a vote of 25 to 4 by our committee. I think it should be passed without delay.

That is all there is to it, Mr. Speaker.

Mr. BELCHER. Mr. Speaker, I yield 5 minutes to the gentlewoman from Washington (Mrs. MAY).

Mrs. MAY. Mr. Speaker, there is one simple thing before us today—a resolution that will raise the authorized level of food stamp funding from the present $340 million to $610 million.

This resolution is not the administration's food stamp program. In this resolution are just the funds that are urgently needed by the Department of Agriculture so that they can move forward with the present ongoing food stamp program during the remainder of the fiscal year.

The administration has requested comprehensive amendments to improve and expand the present food stamp legislation. The Senate has already passed far-reaching legislation. The House Agriculture Committee has just completed hearings on various food stamp proposals.

But we cannot wait to provide more funds to deal with the problems of hunger and malnutrition. In his May 6 message to Congress, president Nixon stated:

> The moment is at hand to put an end to hunger in America itself . . . It is a moment to act with vigor; it is a moment to be recalled with pride.

Today, let us share this sense of urgency and act with vigor.

I am aware that there are many people who want to make substantive changes in the food stamp program. But, this is neither the time nor the place. The issue that faces us today is the urgent need for passage of this resolution.

In the Agriculture Committee we are working hard to get food stamp legislation ready. We are hopeful that a comprehensive food stamp bill can be reported soon. As the principal sponsor of the administration's proposal, I am working with all my ability to see that the Agriculture Committee understands the urgency of this legislation and acts accordingly.

The resolution before us is similar to one passed by the Senate earlier this year, except that the Senate authorized a total of $750 million. One-third of the fiscal year has already passed and the $610 million authorized by the present resolution will provide an efficient and effective food stamp program during the 8 months that remain. Moreover, the passage of this resolution is necessary to allow the conferees on the agriculture appropriations bill to reach agreement.

The $610 million authorization will allow the Department of Agriculture to expand the food stamp program into areas that desire to participate. Only 2 weeks ago, the Department designated 57 new areas for the food stamp program. These were small counties without any existing program.

However, the Department has requests from many other areas, such as New Yorw City, which presently has a commodity distribution program, that are anxious to begin a food stamp program. A $610 million funding level will allow the Department to designate waiting areas for food stamps now.

The Department will also be able to raise the food stamp allotments that are provided to poor families, so that they will be more nearly adequate for purchasing a nutritionally adequate diet. This can be done within the scope of the existing legislation. The only thing lacking is the funds to act.

The Department of Agriculture indicates that everything that can be done under present legislative authority can be done within a fiscal 1970 appropriation of $610 million. Expenditure of these funds in the last two-thirds of the current fiscal year will gear the food stamp program up to a billion dollar level for fiscal 1971.

The resolution before us is a matter of urgency. Hunger is both a basic and a pressing problem. We cannot delay acting. We must not fail to act.

Mr. FINDLEY. Mr. Speaker, will the gentlewoman yield?

Mrs. MAY. I shall be glad to yield to the gentleman from Illinois.

Mr. FINDLEY. I would like to express my support for this resolution, and also to raise a question as to how far the funds provided by this resolution will go in meeting the unmet needs of the country.

I mention this because last spring as the result of a study of this matter I discovered to my dismay that more than 400 counties in the United States had neither a food stamp nor a commodity distribution program. This was a matter of local decision, local authorities had not asked to participate in either program. But at the same time I was informed that only about 50 counties were in the backlog of applicants for food stamp authorization.

Can the gentlewoman give me any assurance that the funds provided by this resolution will, by the end of the fiscal year, finance a program for all counties in the country?

The SPEAKER pro tempore. The time of the gentlewoman from Washington has expired.

Mr. BELCHER. Mr. Speaker, I yield 3 additional minutes to the gentlewoman from Washington.

Mrs. MAY. Mr. Speaker, I thank the gentleman for the additional time.

Again may I repeat what the Secretary of Agriculture has told us: let us make the distinction here, we have 57 counties which USDA has just designated as new areas. There are also many other counties that have already expressed a desire to have the program. How many can come in within the 8 months left in this fiscal year depends on a number of other things, but we believe this money will fund those that are ready to move in the next 8 months.

The gentleman from Illinois raised the question of 400 counties not yet under direct distribution of food stamps. I think we will have to assume that a large preponderance of those may not have yet applied for food stamp programs—there may be local resistance. But we are not talking about funding all of those because that would be trying to figure needed funds for counties that have not even asked to go into the program as yet.

Mr. FINDLEY. If the gentlewoman will yield further, the Secretary of Agriculture did take note of the fact that there were a sizable number of counties that had no family food-aid program. If I recall correctly he indicated that by the end of the fiscal year he hoped that there would be no counties in the United States without a family food aid assistance program, and I just wondered if the gentlewoman could bring us up to date as to facts.

Mrs. MAY. I think the Secretary did say that earlier in the year. But he had hoped to get the funds much sooner than this, and I am sure he would have been able to reach them all if he had had more funds earlier this year. But I am talking of those designated and waiting on the list. They are waiting to be funded, and they are ready to go, there are no legislative obstacles. These counties should all be covered within the next few months, or as soon as the Department has the money.

The SPEAKER pro tempore. The time of the gentlewoman from Washington has again expired.

Mr. POAGE. Mr. Speaker, I yield 5 minutes to the gentlewoman from Missouri (Mrs. SULLIVAN).

Mrs. SULLIVAN. Mr. Speaker, this is a take-it-or-leave-it bill, inadequate for today's needs, limited to only 8 months' expenditures, called up under procedures prohibiting amendments or extended debate. But let us take it, and then make sure that hereafter this situation never occurs again on this issue.

We thought we had taken care of this problem here last year, when the House on July 30, 1968, overwhelmingly agreed to a substitute, cosponsored by 129 other Members, which I offered to the committee food stamp bill, and we agreed to a 4-year extension of the Food Stamp Act without any limitations whatsoever on the amounts which Congress could appropriate.

Unfortunately, that resounding victory over the Committee on Agriculture which we scored in the House on July 30, 1968, was snatched away from us in the House-Senate conference committee,

where House conferees unsympathetic to our objectives and Senate conferees who apparently could not care what happened to the food stamp program joined in vetoing the House action. The result was the passage on September 25, 1968, of a food stamp bill for the 1969 and 1970 fiscal years only—with appropriations ceilings far below what were needed to meet the nutritional requirements of needy Americans. It was obvious that the 1969 and 1970 fiscal year limitations would permit no sizable expansion or improvement of the food stamp program.

THE NEEDS WERE JUST AS EVIDENT TO US LAST YEAR

So, why was the Senate so surprised this year to find the food stamp program was not feeding every hungry American a full diet? The very same Senators who served on the Committee on Agriculture last year and joined in killing the House-passed open-ended authorization provision have since become champions of the hungry—people who have stayed hungry for the past 16 months because of that action on the food stamp legislation in 1968.

I was not surprised by the actions of the House conferees in that conference. We all knew they opposed what we did here on July 30, 1968. But the crocodile tears shed in the other body this year over the plight of the poor in getting sufficient food cannot wash away the Senate's part in it.

The Senators knew we had to contend over here with a committee having legislative jurisdiction over a program in which it has little real interest and for which it has had no real sympathy. After our House victory, when we desperately needed help from committed Senators, we got none.

To forgive is divine, and I hope that every poor American man, woman or child who has gone without sufficient food these past 16 months, because of cruel limitations in effect on food stamp appropriations, can somehow feel it within his or her heart to forgive those responsible.

The same poverty and hunger which exist today existed in even worse form a year and a half ago. It took no televised investigation to convince the House in 1968 that a vast expansion in the food stamp program was essential.

AN 8-MONTH BILL ONLY

We can, of course ,say to the Senate, "better late than never," but actually, it is much, much later—and will get later still—before the situation can be saved. That is because we are not getting a chance in the House this year to repeat our victory of last year; we are being forced by the parliamentary situation, and by legislative realities, to take this skimpy, 8-month extension as the only device available to us to enable the House-Senate conferees on the agriculture appropriation bill to agree to a figure of more than $340 million for this current fiscal year, which began a long 4 months ago.

Well, there will be other years. But we must not again permit such defeat of the will of the House on a program the House pioneered, in 1959, and which it has strongly supported in every clear test thereafter.

When the conference bill came back to us last year, I said we would have to devise other mechanisms for protecting the food stamp program and not continue to provide annual life-or-death power over it to a committee which has been so openly hostile to it. But the administration changed; the new administration took months to decide whether it wanted to keep or kill the program—and I suspect it still is not sure on that—and there was no purpose to be served in trying to get for the administration authority it did not want and would not use. In the meantime, the Senate was denouncing the Food Stamp Act of 1964 as an incorrigible delinquent needing "reform."

BASIC PROBLEM IN FOOD STAMP PROGRAM IS RECURRING INADEQUACY OF FUNDS

I am not so smug a parent of the food stamp program to close my eyes to its deficiencies or shortcomings. But it is not the Food Stamp Act which is defective—it is one provision of the amended law dealing with ceilings on appropriations. If we can appropriate sufficient funds, the program can be expanded to additional areas and the administrative shortcomings in the program can be corrected—giving participants more stamps at less cost, so that they can, in fact, purchase an adequate diet at a price they can afford.

Secretary Orville Freeman asked for the chance to do that, and the Senate in 1968 turned him down when it vetoed our open-ended authorization. Secretary Clifford Hardin asks for an opportunity now to expand the program. This bill will give it to him for a period of exactly 8 months. And that is all.

Since we cannot amend this bill or replace it with a substitute bill, we must pass it today, and vow that for the 1971 and subsequent fiscal years we will make sure we are allowed to appropriate whatever amounts are necessary to assure every poor American an adequate diet, wherever he lives. To do less would be a travesty on our sense of humanity, for we grow food in this country in such abundance as to cost us billions of dollars a year just to keep it off the market.

I have no enthusiasm for this measure today, but, like a trip to the dentist, it is something you have to do. So I will vote for it.

Mr. BELCHER. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Speaker, I am glad to rise in support of House Joint Resolution 934 to increase the authorization from $340 million to $610 million.

In doing so, however, I want to make clear that I consider today's action simply an interim measure. It is absolutely essential that this House proceed as soon as possible to enact a comprehensive food stamp bill.

I might add, Mr. Speaker, that I also consider the $610 million figure less than adequate. As you know, the Senate has earlier authorized expenditures of $750 million.

But the important thing about today's resolution is not merely that it increases the authorization for food stamps, but that it enables us to display once again our good faith and determination to move decisively toward passage of comprehensive food stamp legislation.

Just a few weeks ago the other body overwhelmingly adopted the bill S. 2457 by a vote of 78 to 14—the most comprehensive legislation passed by either House in history. Its introduction and support was completely bipartisan.

Speaking of the Senate effort recently in his message to Congress, the President stated:

> The Senate has shown a willingness to join in this commitment and has acted with dispatch. I urge the House to move so as not to prolong any further the day when this ancient curse of malnutrition and hunger is eliminated in this most modern of nations.

Mr. Speaker, there can be no question that there is massive bipartisan support in this body to move swiftly and decisively on this issue.

As you know, the House Agriculture Committee has just completed hearings on food stamp legislation. I believe these hearings have made crystal clear that food stamp legislation cannot be delayed any longer.

It is well known, Mr. Speaker, that some members of our Agriculture Committee hold a different view. They hope to delay the reporting of food stamp legislation until a farm bill is reported out.

The rationale for this tactic appears to be that only by holding food stamp legislation hostage can a farm bill be reported with hope of passage.

I am convinced, Mr. Speaker, that my colleagues will not stand for such a tactic. Indeed, it may well backfire, and be the surest way to prevent passage of any new farm program.

And so, in supporting this resolution today, I am sure I reflect the sentiments of many in this body that the step we take today is merely a first step.

This step must be followed soon by a major stride toward a comprehensive food stamp program that will take us well down the road toward an end to hunger in this, the richest nation on earth.

Mr. POAGE. Mr. Speaker, I have no further requests for time.

Mr. BELCHER. Mr. Speaker, I yield as much time as he may consume to the gentleman from Minnesota (Mr. ZWACH).

Mr. ZWACH. Mr. Speaker, the resolution before us presents one issue—whether to increase the 1970 authorization for the food stamp program from its current level of $340 million to $610 million. It is essential that we do so.

Let us recognize that this is an interim measure. As a sponsor of the administration's comprehensive food stamp legislation, I believe that the present program can be greatly improved.

The House Agriculture Committee, of which I am a member has just completed hearings on food stamp legislation. I am working to see that a comprehensive food stamp bill is reported soon.

However, we need the present resolution authorizing a fiscal 1970 expenditure level of $610 million right now. The Senate has already passed a similar resolution authorizing $750 million. A third of the fiscal year has already gone. It is time to act and approve a $610 million authorization level that has been

requested by the administration. Until we act the conference committee considering the fiscal 1970 agriculture appropriation will be unable to sufficiently fund this year's food assistance programs.

The additional funds that we authorize will allow the Department of Agriculture to expand the food stamp program into areas that have already requested it. There are 135 such areas in 22 States. These are in addition to the nearly 60 small counties that USDA has designated for the food stamp program in the past 2 weeks.

The additional funds will also allow the Department to make adjustments that are possible within the scope of the present program. They will be able to provide stamp allotments that more nearly reflect the cost of a nutritionally adequate diet.

The Department needs this authorization and it needs it now. It is time to act. Let us do so.

Mr. BELCHER. Mr. Speaker, I have not been one of the enthusiastic supporters of the food stamp plan. However, regardless of whether you are for the food stamp plan or whether you are against it, I think you should vote for this resolution. The Senate passed a measure providing $750 million. What we are doing today is not changing the food stamp plan at all. We are merely giving the House permission to appropriate $610 million instead of $340 million for those who do support the food stamp plan. That is all the money that the Secretary of Agriculture has assured us he could use during the rest of this fiscal year.

For those of you who have opposed the food stamp plan in the past, you are now given the opportunity to vote for $610 million instead of $750 million. So I think it is the best plan for those of us against it or for it to support this resolution, and I sincerely hope that the House will unanimously pass this resolution.

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

Mr. ANNUNZIO. Mr. Speaker, no one who cares about the problems of poor people in this country can be against legislation to increase the ceiling on food stamp appropriations for this fiscal year from $340,000,000 to $610,000,000. It should be higher, but there is no way under the parliamentary situation we can amend this bill to make it higher. Hence, I will vote to suspend the rules and pass House Joint Resolution 934, even though it is a completely inadequate bill.

We have no choice in the matter at this particular time. If this bill had come before us in February or March, or in some reasonable time after the start of the session, we could have insisted on the right to offer amendments and make a better bill out of it. But it is now November—4 months into the fiscal year this bill is intended to cover—and we are just now getting our first opportunity to act on a food stamp authorization bill which should have been enacted prior to July 1.

The appropriation bill for the Department of Agriculture has been held up for months because the House conferees are not permitted to agree to any figure for the food stamp program in excess of the present legal ceiling of $340,000,000. The Senate has voted $750,000,000 for food stamps this year. Everyone agrees $340,000,000 is too low. The new administration says the amount should be $610,000,000. That is what this bill now would permit to be appropriated.

If we reject the bill today because of the procedures being followed in calling it up for House action under suspension of the rules, no one can foresee what will happen. Inevitably there will be a further delay in acting on the appropriation bill. And in the meantime, millions of American families who could be eating better under the food stamp program are being denied that opportunity.

I bitterly resent the manner in which the bill we put through the House last year—under the leadership of the distinguished gentlewoman from Missouri, Mrs. LEONOR SULLIVAN—a bill which I was proud to cosponsor, was "sold out" in conference between the House and Senate. That bill would have taken off all ceilings on food stamp appropriations. Congress could then have appropriated whatever amounts it determined were needed. Instead, we are limited at the present time to the ceiling of $340,000,000, which is completely inadequate.

The new administration waited a long time to decide on its position on the food stamp program, and the House Committee on Agriculture has succeeded in dragging this thing out to more than 10 months. As I said, 4 months of the fiscal year are already gone. Enough, I say. Let us repair the damage to the program, at least to the limited extent this bill permits.

If we pass this bill, and the sum of $610,000,000 is appropriated, the people in Chicago who are participating in the food stamp program—or who want to, and are eligible—will be able to obtain substantially more food stamps, for less money than they are now asked to pay. That is one of the major purposes of this increase in the appropriation authorization. The idea is to permit a family to pay no more than a third of its income and get enough food stamps for an adequate diet. This is much better than the present situation. I am for this improvement. We tried to get it through in the bill we passed here last year. It is truly a shame that the Sullivan-Annunzio bill, sponsored also by 128 other Members of the House, did not become law in 1968.

This bill today permits addition of many new areas to the food stamp program. That, too, is what we would have accomplished in 1968, if the House-passed bill had become law.

This bill is effective for only 8 months. We will have to take up the issue again in the next session. I hope that by then the gentlewoman from Missouri, who has courageously led this fight for so many years, will get the help to which she is entitled from this administration to pass an adequate bill—without ceilings on appropriations.

Mr. MATSUNAGA. Mr. Speaker, I urge support of House Joint Resolution 934, which would increase the appropriation authorization for the food stamp program for fiscal year 1970 to $610 million, which is an increase of $240 million over the appropriation authorization of the Food Stamp Act of 1964.

I believe we all recognize the role the food stamp program has played in providing a more equitable share of our food abundance to low-income families. In my own State of Hawaii, for example, since the food stamp program was inaugurated in April 1966, its benefits have been extended to over 2,000 families. This worthy program has assisted eligible needy families in many other parts of the Nation, and this $610 million authorization will insure its continuance.

In our land of plenty, it is fitting that our Nation's food abundance should be utilized to the maximum extent practicable to safeguard the health and well-being of our Nation's needy, who would face the scourge of malnutrition without the benefits of this program. The almost instant success of the food stamp program goes to prove that it is not only an effective instrument in the war on poverty, but that it is also blessed with the beneficent spirit of America.

I consider this program to be one of the best thus far instituted to provide needy, low-income families with a balanced diet, and I take great pride in the fact that I played a role, however small, in the enactment of the Food Stamp Act of 1964.

The authorization for increased funding of the food stamp program, which we are now considering, would insure the continuing effectiveness of the program in meeting the needs of its intended beneficiaries.

Mr. Speaker, I strongly urge a favorable vote for House Joint Resolution 934. By its adoption we will be waging a real battle in the war on poverty.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Texas that the House suspend the rules and pass the joint resolution (H.J. Res. 934).

The question was taken; and (two-thirds having voted in favor thereof), the rules were suspended and the joint resolution was passed.

A motion to reconsider was laid on the table.

PROVIDING CERTAIN EQUIPMENT FOR USE IN THE OFFICES OF MEMBERS, OFFICERS, AND COMMITTEES OF THE HOUSE OF REPRESENTATIVES

Mr. WAGGONNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 13949) to provide certain equipment for use in the offices of Members, officers, and committees of the House of Representatives, and for other purposes.

The Clerk read as follows:

H.R. 13949

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) at the request of any Member, officer, or committee of the House of Representatives, or the Resident Commissioner from Puerto Rico, and with the approval of the Commit-

tee on House Administration, but subject to the limitations prescribed by this Act, the Clerk of the House shall furnish electrical and mechanical office equipment for use in the office of that Member, Resident Commissioner, officer, or committee. Office equipment so furnished is limited to equipment of those types and categories which the Committee on House Administration shall prescribe.

(b) Office equipment furnished under this section shall be registered in the office of the Clerk of the House of Representatives and shall remain the property of the House of Representatives.

(c) The cost of office equipment furnished under this section shall be paid from the contingent fund of the House of Representatives.

(d) The Committee on House Administration shall prescribe such regulations as it considers necessary to carry out the purposes of this section. The regulations shall limit, on such basis as the committee considers appropriate, the total value of office equipment, with allowance for equpiment depreciation, which may be in use at any one time in the office of a Member or the Resident Commissioner.

SEC. 2. (a) The joint resolution entitled "Joint resolution to authorize the Clerk of the House of Representatives to furnish certain electrical or mechanical office equipment for the use of Members, officers, and committees of the House of Representatives", approved March 25, 1953 (2 U.S.C. 112a–112d, inclusive), is repealed.

(b) The repeal by subsection (a) of this section of the joint resolution of March 25, 1953, does not deprive any Member, officer, or committee of the House of Representatives, or the Resident Commissioner from Puerto Rico, of entitlement to the continued possession and use of office equipment furnished, under any provision of that joint resolution, to that Member, officer, committee, or the Resident Commissioner from Puerto Rico, and in use on the effective date of this Act. However, the total value (less allowance for depreciation) of that equipment furnished to a Member or the Resident Commissioner under the first section and section 2 of the joint resolution of March 25, 1953, while in use by that Member or the Resident Commissioner on and after the effective date of this Act shall be taken into account for the purpose of determining the total value of equipment in use at any one time in the office of the Member or the Resident Commissioner under the regulations prescribed by the Committee on House Administration under the first section of this Act.

SEC. 3. This Act shall become effective at the beginning of the first calendar month which commences on or after the date of enactment of this Act.

The SPEAKER pro tempore. Is a second demanded?

Mr. SCHWENGEL. Mr. Speaker, I do not oppose the bill, but in order that we may have an explanation of it, I demand a second.

The SPEAKER pro tempore. Does the gentleman demand a second?

Mr. SCHWENGEL. I do, Mr. Speaker.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Louisiana is recognized for 20 minutes.

Mr. WAGGONNER. Mr. Speaker, I yield myself such time as I may use.

The purpose of H.R. 13949 is as simple as it is short in printed content. The bill itself is intended to repeal all existing legislation in the House of Representatives having to do with the office equipment program for Members in the House of Representatives.

The background of this legislation goes back as far as 1951, when for the first time the House provided an office equipment allowance for Members of the House of Representatives. At that time an allowance of $1,500 per Member was authorized.

It was recognized soon thereafter that $1,500 was totally inadequate. In 1953 the allowance was increased to $2,500 per Member, and it remains at that $2,500 figure today.

However, by legislation on a number of occasions, amendments have been made and it has been provided that additional equipment outside this $2,500 allowance be made available to the Members of the House of Representatives.

The purpose of H.R. 13949 is to revise the office equipment program for Members and committees in order to consolidate all equipment under one monetary allowance, to improve physical control over the equipment, and to permit more flexibility to Members in obtaining the equipment necessary to meet their varying operating needs as follows:

First. It permits adjustment of the monetary allowance to Members by the Committee on House Administration, without further legislation, as the need of Members or the cost of equipment changes.

Second. It provides for improvements in the accountability of equipment furnished under the program by requiring regular inventories and a procedure for handling lost, stolen, or damaged items.

Third. It facilitates the disposal of equipment in a Member's office which is mechanically unsatisfactory or obsolete due to changes in design.

Fourth. It affords new Members more flexibility in setting up their offices by allowing them to dispose of unwanted equipment and acquire equipment that will meet their operating needs.

Fifth. It will allow Members a wider selection of types of equipment which are now limited by law.

Under the existing program a Member who represents a district under 500,000 in population has an allowance of $2,500 plus five electric typewriters furnished without charge against the allowance. A Member who represents a district over 500,000 in population has an allowance of $3,000 plus six electric typewriters furnished without charge against the allowance. One of the electric typewriters may be automatic.

Under the provisions of H.R. 13949 all Members are treated equally on the premise that districts will be of a more uniform size under the redistricting plan now underway. Instead of one portion of the cost of equipment being charged to a Member's equipment allowance and another portion to the Clerk's equipment procurement fund, all equipment costs would be consolidated into a single allowance for the Member, except that one automatic typewriter would continue to be furnished without charge against a Member's equipment allowance. All equipment now charged to a Member, including electric typewriters, would be entered against the allowance. The present 10-percent depreciation schedule would be continued.

The bill will allow the Committee on House Administration flexibility in its administration of the electrical and mechanical office equipment program similar to that which it has in its administration of the House personnel program and other committee functions, and similar to the authority that the House Building Commission has had over furnishings for Members' offices. The committee feels that the authority to adjust the office equipment program to conform to the changing needs of the Members, without the necessity of specific legislation for each relatively minor change will result in a fully effective and satisfactory program for Members with sufficient safeguards to maintain economy and full utilization of modern office equipment.

H.R. 13949 provides that regulations of the Committee on House Administration shall limit the total value of office equipment which may be in use at one time in the office of a Member. In the regulations drafted under this bill the Committee on House Administration has approved a maximum of $5,500 in depreciated value for office equipment in each Member's office. This allowance was determined on the basis of the present allowance—$2,500 or $3,000—plus the current cost of the five or six electric typewriters authorized under the separate section of the present law. These typewriters range in cost from $432 to $635 each. It does not represent an increase in the present overall equipment allowance but consolidates the allowance in one monetary figure. Thus, a Member may use the entire allowance for equipment best suited to his needs.

Mr. Speaker, we are doing something we never have done before. We are going to require, under the rules, strict accounting for this equipment. Under this proposal we do not make provision for equipment for the offices of Members in their districts. We have rules which will not allow the removal of equipment outside the office buildings here in Washington where our main offices are situated.

A physical inventory will be taken at the beginning of the first session of each Congress of the office equipment assigned to the Members, committees and offices of the House.

At the beginning of the second session of each Congress, the Clerk will send lists—in duplicate—to each Member, committee, or office of the House, showing assigned equipment. Each Member, chairman of a committee or top official of an office, will return to the Clerk one copy of the list, certifying that the items are in his offices. If the certification is not received within 30 days the Clerk will conduct a physical inventory of the equipment so charged.

When a Member has been defeated in an election, or otherwise leaves office, the Clerk will conduct an immediate physical inventory of the equipment assigned to that Member's office. If the defeated Member is a committee chairman, the

Clerk will also inventory the equipment assigned to the committee. In any periods during which a vacancy exists in a congressional district, a committee chairmanship or House office, the staff employee in charge of operations in the vacated office is responsible for the assigned equipment.

In the event of the change of the majority in the House, there shall be an immediate physical inventory of the offices affected.

When, through inventory or other means, it is determined that an item of equipment is damaged or lost, the Member or responsible official will be advised to write a letter to the Clerk of the House explaining the circumstances surrounding the loss of the item, or, if damaged, how such damages occurred. Upon receipt of this letter, the Clerk will order an investigation of the occurrence in an effort to locate the missing item or items and ascertain the circumstances surrounding the loss or damage. At the completion of the investigation, the Clerk will send to the Committee on House Administration a copy of the letter, a copy of the investigation report—including an objective statement as to the cause of the loss or damage—and a letter indicating the value of the item at the ime it was discovered missing, or if damaged, the extent of the damage.

If a Member or responsible official admits liability for the lost, stolen, or damaged item, he will be charged the GSA established trade-in value or the depreciated book value, whichever is higher.

The Clerk's decision as to liability shall be final and binding unless, within 30 days the responsible Member or official requests a hearing before the Committee on House Administration.

If the committee determines liability on the part of the Member, or responsible official he will be charged with the GSA established trade-in value or the depreciated book value of the item, whichever is higher. Liability will be determined on the basis of the facts of the case. However, in cases involving the loss or damage of an item while the equipment is outside the assigned office, the Member or responsible official will be determined liable.

If payment of a charge levied against a Member is not made within 30 days of the date of final decision, the office equipment allowance of the Member will be closed until the charge is paid or the missing equipment is produced. If a charge is made against a Member or responsible official leaving the House payroll for any reason, payment will be deducted from his final paycheck.

The equipment will be dropped from the inventory and limitation records when payment is made or when the Member is absolved from liability by the Committee on House Administration.

Mr. Speaker, the bill designed is to meet the changing times and the changing needs of Members' offices. The Members' offices are run in completely different ways and this proposal is to provide some flexibility in meeting the needs of the Members in serving their districts and providing appropriate equipment.

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

Mr. WAGGONNER. I yield to the gentleman from Virginia.

Mr. SCOTT. Mr. Speaker, in line with what the gentleman from Louisiana has just said, will provision, if any, be made to deal with the variance in the population and the needs in the various congressional districts?

Mr. WAGGONNER. Mr. Speaker, in the past we have had a variation to allow for differences in districts over 500,000 in population. I believe it is the feeling of the committee, and I believe of the Congress, as well, that the redistricting demanded by the one-man, one-vote mandate of the Court will mean that after 1970 there will be no need for that variance, because everybody will have been redistricted and there will be no differences.

Mr. SCOTT. Would that be after the 1970 census?

Mr. WAGGONNER. No, sir; it will be immediately when this legislation becomes law.

Mr. SCOTT. Mr. Speaker, taking my own congressional district as an example, there are 600,000 people within the district at the present time although there were only 400,000 according to the 1960 census. As I understand it, should there be a suit to redistrict, it would be based on the 1960 Decennial Census.

Mr. WAGGONNER. That is correct. If there were a suit today to redistrict, prior to the next decennial census, the redistricting would be required on the basis of the 1960 census.

Mr. SCOTT. Then there will be a variance until we start using the 1970 census?

Mr. WAGGONNER. I do not believe the gentleman would have any trouble, because there is a $5,500 allowance he has been enjoying, as every Member does and rightfully should, with a 10-year 10-percent straight line depreciation. I believe that depreciation would provide some flexibility for it. We know of no Member, after reviewing it, who would have to give up equipment for the next census.

Mr. SCOTT. I thank the gentleman.

Mr. SCHWENGEL. Mr. Speaker, I yield myself such time as I may consume.

I want to reiterate what the gentleman said. This bill was passed unanimously by the subcommittee and by the full committee.

I wish to point out further, as the chairman knows so well, this is the result of a lot of study and probing consideration before the committee. I should like to add it is also my belief that if the bill is passed it will increase efficiency and effectiveness of every congressional office. In that sense it could be an economy measure. We would be getting more service out of the equipment we have.

Mr. Speaker, the purpose of H.R. 13949 is to achieve for the House of Representatives a more workable and viable system of providing for the office equipment needs of Members of the House, of committees and officers of the House.

The bill was accordingly designed to make it possible to set up and maintain a mechanical and electrical equipment program which will be current and up to date to meet the demands of the ever-growing needs of Congress. It is intended that the approach taken on this legislation will provide a ready means to reach satisfactory solutions to office equipment problems which in the past have so often proven unduly restrictive and cumbersome. These include problems such as what to do about obsolete and uneconomical equipment, how to provide for the equipping of offices of new Members, and so forth.

Present law pertaining to office equipment allowances represents somewhat of a patchwork approach. Since enacted in 1953 it has been necessary to expand or revise the law every few years to take into account increased needs. The law establishes an overall monetary limit for equipment that may be furnished to Members and a listing of the types of equipment that may be furnished. However, as the workload of Members has expanded over the years, separate provision has been made in the law specifically to authorize the providing of electric typewriters to Members outside of their monetary limitation. This has been expanded several times and under present law the electric typewriter entitlement is five electric typewriters for each Member or six if the population of the district is over 500,000. One of these may be an automatic typewriter.

The bill before the House would provide for consolidating the office equipment under one monetary limitation. This limitation, and other provisions determined necessary to administer the office equipment program, would be set forth in regulations prescribed by the House Administration Committee. Proposed regulations have already been drafted and tentatively approved by the committee.

In those regulations the committee has approved a maximum of $5,500 in depreciated value for office equipment in each Member's office. This figure was calculated to reflect basically the present monetary allowance of $2,500 plus the current cost of the additional electrical typewriters authorized. The automatic typewriter would not be chargeable against this amount.

The major goal of the office equipment program as envisioned by the bill and the regulations of the House Administration Committee would be to develop a system which could best care for and adjust to the changing needs of the Members. This means not only adjusting the overall monetary limit as determined necessary by the committee but also to determine what new equipment might be available and should be allowed and to establish guidelines for efficient handling of the equipment program.

In this regard, the regulations would provide a means to dispose of the equipment which is not economically feasible, is obsolete, or is fully depreciated. It will provide for a wider range of office equipment than currently set forth in the law. It will provide a much improved method of providing new Members with office equipment. It will provide improved procedures for taking inventory of equipment and to handle situations where equipment is damaged or lost. This puts into effect a procedure that makes it good business.

This bill represents a needed step for-

ward toward the establishment of a truly effective and efficient office equipment program for the House of Representatives and I urge its adoption.

Mr. WAGGONNER. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. SAYLOR).

Mr. SAYLOR. Mr. Speaker, I thank my friend and colleague from Louisiana for yielding to me.

Let me say that I commend the gentleman from Louisiana (Mr. WAGGONNER) and the members of the Committee on House Administration for this legislation. I think it is a tremendous step forward, at last recognizing the inconsistency of the laws that are on the books at the present time.

However, I am wondering whether or not in doing this you are doing the Members a favor. The reason why I ask that is that from time to time Members know that you may have a need for several pieces of equipment and yet there is no central place that any Member can go to to get more than the allowance given to him. So he has to go and ask several of his colleagues for it. The question I would like to propound to the gentleman from Louisiana is this: Has the Committee on House Administration thought of providing a room or rooms where automatic typewriters in numbers and other automatic equipment might be available for the Members?

Mr. WAGGONNER. In answer to the gentleman's question, let me say that the committee has discussed the feasibility of providing pools of costly equipment on a trial basis. The committee will, if given this authority, move ahead in this area so that Members can have available some equipment outside of their offices on a pool basis, equipment which is too expensive for any one Member to purchase.

Mr. SAYLOR. If that happens, I want to say that it is a real step in the right direction.

I wish to commend the committee on their action.

Mr. WAGGONNER. Mr. Speaker, I have no further requests for time.

The SPEAKER. The question is on the motion of the gentleman from Louisiana that the House suspend the rules and pass the bill H.R. 13949.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

BANK HOLDING COMPANIES

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 further consideration of the bill (H.R. 6778) to amend the Bank Holding Company Act of 1956, and for other purposes.

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 further consideration of the bill, H.R. 6778, with Mr. HOLIFIELD in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the substitute committee amendment had been read and was subject to amendment at any point.

Are there any amendments?

AMENDMENT OFFERED BY MR. BEVILL

Mr. BEVILL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BEVILL: Page 14, strike line 12 through 23 and insert:

"(d) Section 4(c) of the Bank Holding Company Act of 1956 is amended (1) by changing the semicolons at the ends of paragraphs (1) through (8) to periods, (2) by striking '; or' at the end of paragraph (9) and inserting a period in lieu thereof, and (3) by adding the following new paragraphs at the end thereof:

"'(11) shares lawfully owned on January 1, 1965, by any company which becomes a bank holding company by virtue of any amendment made by this Act at the same time as the addition of this paragraph, but only as long as neither the bank holding company concerned nor any subsidiary thereof, after the enactment of this paragraph,

"'(A) commences any activity or acquires any share for which approval by order or regulation is required under this section, or

"'(B) makes or is the subject of any acquisition or other action for which approval is required under section 3 of this Act or section 18(c) of the Federal Deposit Insurance Act.

For the purposes of this section, the acquisition in whole or in part of the business of a going concern by way of an asset acquisition shall be treated as an acquisition of shares.

"'(12) shares held or activities conducted by any company organized under the laws of a foreign country the greater part of whose business is conducted outside the United States, if the Board by regulation or order determines that, under the circumstances and subject to the conditions set forth in the regulation or order, the exemption would not be substantially at variance with the purposes of this Act and would be in the public interest by directly or indirectly facilitating the foreign commerce of the United States.'"

Mr. BEVILL. Mr. Chairman, my amendment to H.R. 6778 offered here today, would change the grandfather clause date in the bill as reported from February 17, 1969, to January 1, 1965.

There are many different ideas of what date to make this bill effective and which date would be most appropriate.

Many of us on the House Banking and Currency Committee would like to have moved the effective date back while the bill was in the committee, but under the parliamentary procedure in the committee, we did not have the opportunity to offer an amendment to move the effective date back.

The undisputed testimony before the House Banking and Currency Committee revealed that many one-bank holding companies have been formed on paper, but are not active and are just merely waiting to see what this Congress is going to do about the one-bank holding company situation.

It seems to me that the basic principle involved is to include within the regulation those companies which offer the greatest potential for abuse. These, by their very nature, are the major companies. The purpose of the Bank Holding Company Act is to separate the business of banking and bank-related activities from nonbanking activities.

The movement to get around this principle and to take advantage of this loophole by the one-bank holding companies began in the year of 1965.

I understand that a total of 239 one-bank holding companies formed on or after January 1, 1965, and are operating 575 nonbanking subsidiaries engaged in no less than 124 different nonbanking activities.

Since 1965, many very large corporations have become one-bank holding companies. On the contrary, there are very few, if any, large corporations which existed as bank holding companies prior to 1965.

This is why the date January 1, 1965, was chosen. If we use a later date, these large companies will obtain the privilege of mixing banking and nonbanking activities to the competitive disadvantage of both bank and nonbank competitors of these one-bank holding companies.

On the other hand, by using the January 1, 1965, cutoff date the many small, traditional one-bank holding companies with little overall economic power, which have operated for many years in small communities, would not be affected.

Also by using the January 1, 1965, cutoff date 125 one-bank holding companies in 19 States operating a general insurance agency which have been formed since January 1, 1965, would be forced to divest their insurance agency activity. It is interesting to note that between 1914 and 1964, a period of 50 years, only 104 one-bank holding companies were engaged in the general insurance agency business. In the last 4 years that number increased by well over 100 percent.

Since H.R. 6778 as reported establishes a congressional policy that the insurance agency business is not compatible with operating banks, it would be desirable, in order to carry out this policy, to put the grandfather date at January 1, 1965, in order to eliminate the movement of holding companies into the insurance agency field in the last few years.

The amendment I have introduced also would prevent a one-bank holding company exempted from the act by the January 1, 1965, date from being taken over by a major bank holding company in order for that major company to use the grandfather exemption of the small-bank holding company. This further limits the benefits of the exemption and would prevent large-bank holding companies from moving into nonbanking areas through the back door.

I urge support for this amendment.

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

Mr. BEVILL. I yield to the gentleman from Texas.

Mr. PATMAN. Mr. Chairman, I wholeheartedly support the amendment offered by the gentleman from Alabama (Mr. BEVILL).

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, which were printed in the CONGRESSIONAL RECORD of October 21, 1969, beginning at page 30841, 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 293rd 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 the large corporate entities whether centered around bank or nonbank activities.

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

Mr. BEVILL. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Chairman, as I understand the amendment offered by the gentleman from Alabama, it changes the effective date back to January 1, 1965, and I believe that what the gentleman is saying is that some one-bank holding companies have gone into the insurance business since 1965, and if you do not adopt this amendment then you are really not protecting the independent insurance agents and you are not really protecting the small banks.

Is that correct?

Mr. BEVILL. That is correct, and that is one of the many reasons for this date.

Mr. MONTGOMERY. I thank the gentleman.

AMENDMENT OFFERED BY MR. WYLIE TO THE AMENDMENT OFFERED BY MR. BEVILL

Mr. WYLIE. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. WYLIE to the amendment offered by Mr. BEVILL: Strike out "January 1, 1965" and insert in lieu thereof "May 9, 1956".

Mr. WYLIE. Mr. Chairman, I have offered an amendment to the amendment offered by the gentleman from Alabama (Mr. BEVILL).

The amendment offered by the gentleman from Alabama would change the date of the grandfather clause from February 17, 1969, to January 1, 1965.

When the administration had introduced a so-called one-bank holding company bill, it provided a date of June 30, 1968. The point I am making here is that we become involved in a guessing game as to what is an appropriate date for the grandfather clause, if indeed we have a grandfather clause. My amendment would return the effective date of the amendment to May 9, 1956, which is the date of the enactment of the original bank holding company act of 1956.

If we allow the grandfather clause, as it now exists, to remain in the bill, and I agree with the gentleman from Alabama (Mr. BEVILL) in this respect, we cannot have the grandfather clause as provided for in the bill. I think it is indefensible, as I said yesterday. Allowing that grandfather clause to remain in the bill would say that at least 639 one-bank holding companies would be granted exemption to continue certain conglomerate bank holding company activities which we seek to prohibit by this bill.

A return to the January 1, 1965, date is better, but it would still exempt some 400 one-bank holding companies from the provisions of this act.

So, as I say, any day we pick involves us in a guessing game and would benefit some bank holding companies while penalizing others. I think the Bevill amendment to this extent is punitive, in other words.

Any grandfather clause date permits companies existing before that date to continue the very acts which this legislation is supposed to proscribe.

Now I am on sound ground and have good authority for this amendment, I think. Hon. J. L. Robertson, who is Vice Chairman of the Board of Governors of the Federal Reserve System, testified before the Committee on Banking and Currency on April 18, 1969, that, in his opinion, there is no justification for a grandfather clause either legally or from the standpoint of principle and practicality.

The chairman of the committee will recall that Chairman William McChesney Martin agreed in theory with Governor Robertson that all bank holding companies should be covered and forced to divest non-bank-related area interests in accordance with the provisions of this act.

I might add that this is the first time I noted some area of agreement between Chairman Martin and the chairman of our committee, the gentleman from Texas (Mr. PATMAN). It was on this question of grandfather clause, as the gentleman will recall.

Mr. PATMAN. I am opposed in principle to any grandfather clause. Of course, if we have to have one, I would expect to vote for the most restrictive one because we want to go as far back as we can go. But it is preferable that we do not have any grandfather clause. I agree with the Federal Reserve Board Vice Chairman, Governor Robertson, that it is not good.

Mr. WYLIE. I thank the gentleman.

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

Mr. WYLIE. I yield to the gentleman.

Mr. STANTON. I think you should clarify for the Committee that we all understood Mr. Robertson's agreement as to the provisions concerning the grandfather clause. But I do not wish to have you leave the House to believe that Chairman Martin was against a grandfather clause.

If the gentleman will yield further, I would recall that before our committee on April 18, he said a majority of Members of the Board preferred a grandfather clause and they took the approach of H.R. 9385, and as the gentleman well knows the grandfather clause in H.R. 9385 is July 30, 1968.

Mr. WYLIE. The clarification then that the gentleman is suggesting is that the Federal Reserve Board did vote that we should not have a grandfather clause.

Mr. STANTON. No, they did not. In fairness to the gentleman, you are the one who brought up the alternatives here, and I am sure the gentleman from Nebraska (Mr. MARTIN) would agree with me.

Mr. WYLIE. We understood the testimony differently. I think I can find where the Chairman of the Federal Reserve Board suggested that the Federal Reserve Board was opposed in principle to a grandfather clause.

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

(By unanimous consent, Mr. WYLIE was allowed to proceed for 3 additional minutes.)

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WYLIE. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. I thank the gentleman for yielding. I commend the gentleman for his amendment. If there is to be any change in the grandfather clause from that which is presently in the legislation, then I think the only logical, sensible, and equitable thing to do is to place the date back to the time of the enactment of the 1956 Holding Company Act. I do not concur with the gentleman in what he would like to have be the ultimate effect of his amendment, but I would agree that if there is to be any change of the nature of the Bevill amendment, the gentleman's amendment to that amendment is most valid, and I commend the gentleman.

Mr. WYLIE. I thank the gentleman for his comments which I believe are sort of in support of my position. In other words, what you are saying is that we are in a guessing game if we include a grandfather clause, and if we change it from the date of the introduction of the bill by the chairman of the committee from February 17, 1969, we really should go back to the date of the enact-

ment of the Bank Holding Company Act of 1956.

Mr. BROWN of Michigan. I would concur with the gentleman that any time we set a date, the date will be somewhat arbitrary and capricious. The only one that has any justification, in the judgment of this member of the committee, is the date which has been set in the legislation, that is, February 17, 1969. That is the date that the holding companies were put on formal notice that legislation would be offered in Congress to eliminate the one-bank exemption.

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

Mr. WYLIE. I am glad to yield to the distinguished gentleman from New York.

Mr. CELLER. As I understand it, your amendment would go back some 13 years. Is that correct?

Mr. WYLIE. That is correct. It would be 13 years—1956 to 1969 is 13 years.

Mr. CELLER. That is a rather long time. During that period, Congress having failed to act, it was in a sense an inducement to some of these banking operations to make acquisitions, and now to tell them that acquisitions made 12 years ago, 11 years ago, 10 years ago—legally then—are now illegal, strikes me as utterly immoral because you are disregarding what I would call a moral statute of limitations. We have statutes of limitations in all criminal bills and even some of our civil statutes have what is known as a statute of limitations. To go back 13 years and to brand as immoral, illegal, or even criminal that which was theretofore legal, strikes me as something rather barbarous, especially since it is so long a period of time; namely, 13 years.

I think we ought to have sober judgment on this and be very careful.

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

(On request of Mr. PATMAN, and by unanimous consent, Mr. WYLIE was allowed to proceed for 2 additional minutes.)

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

Mr. WYLIE. I am glad to yield to the chairman of the committee.

Mr. PATMAN. The antitrust cases have no limitation. You go back as far as you want or as the enforcing officer wants to go. Is that not a comparable situation?

Mr. WYLIE. That is correct. There is another answer, and that is that under present law, divestiture may be required and a reasonable time is offered for divestiture. We are not talking about the activities of a bank. We are talking about a bank holding company. We are talking about a one-bank holding company specifically, and it is in this area that certain financial interests saw a loophole where they could expand their operations from banking into operations in commerce.

If we are saying today that the banks and commerce should not be merged, or the activities of banking and commerce should not be merged, we cannot say that just because 639 companies saw an opportunity to do this through a loophole, therefore they should be allowed to continue, that that makes it all right. I think on the other hand we must be consistent and say that if henceforth certain operations of a one-bank holding company are bad, then we ought to allow the Federal Reserve Board to take a look at the activities of those banks or institutions of commerce which took advantage of this loophole, and they should be required to divest.

If it is functionally related to banking—and this will be in the law—then the holding company will not be required to divest.

Mr. CELLER. Mr. Chairman, if the gentleman from Ohio will yield further, the distinguished gentleman from Texas, the chairman of the Banking and Currency Committee, spoke of antitrust violations. Of course, there is no statute of limitations there, but there is no comparison between the acts of some of these holding companies in acquiring small companies, medium-sized companies, or maybe large companies. There is nothing involved that is comparable to antitrust violations. Therefore, I think the comparison is invidious and should not be made.

Mr. REUSS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am delighted to join this interesting discussion on "Old Grand Dad." The gentleman from Alabama (Mr. BEVILL) and the gentleman from Ohio (Mr. WYLIE) are both industrious and very responsible members of the House Committee on Banking and Currency. If they are not the most senior members, it is not the fault of the gentleman from Alabama (Mr. BEVILL) or the gentleman from Ohio (Mr. WYLIE), but the fault of the seniority system. I think they have made a real contribution in giving us the background of these grandfather dates.

Mr. Chairman, the one date which seems to me absolutely indefensible is the one which, unfortunately, is in the bill, February 17, 1969. It might as well be the date of Elvis Presley's birthday, as far as having anything to do with bank holding companies is concerned.

If we move that date, as has been suggested by the gentleman from Alabama (Mr. BEVILL) to January 1, 1965, we are going to deny absolution to approximately 239 one-bank holding companies formed in that 4-year period, with a total of $15 billion worth of deposits.

What the Bevill date of January 1, 1965, does in essence is to blanket in, without a grandfather clause, the 239 one-bank holding companies formed since that date, but it would allow to exist roughly 400 one-bank holding companies which were in existence on January 1, 1965. Those 400 one-bank holding companies are, by and large, small companies. Therefore, while the gentleman from Alabama uses a date, he really is thinking in terms of size of deposits and assets.

Turning to the amendment offered by the gentleman from Ohio (Mr. WYLIE), I have to say in my personal judgment that his is the fairest and best of all, because that takes it right back to the year one—1956. Having said that, I am going to vote, and I hope Members will join me, against the Wylie substitute and for the Bevill amendment, for this reason:

I have done a great deal of sampling. I think I sense a majority of Members do want to keep in existence those 400 one-bank small holding companies, which were formed prior to January 1, 1965. Therefore, if we adopt the admittedly superior Wylie amendment as a substitute, I would be afraid we would be unable to carry it.

I will say to the gentleman from Ohio I would hope to be a member of a conference committee on this, and if we can get any support from the other body, I would like to see within that conference the date moved back to 1956.

In any event, I congratulate the gentleman on his understanding and on the light and learning he has given us, but I hope Members will vote not to put a substitute to the Bevill amendment, and then will vote for the Bevill amendment.

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

Mr. REUSS. I yield to the gentleman from Pennsylvania.

Mr. MOORHEAD. Mr. Chairman, I want to associate myself with the remarks of the gentleman from Wisconsin.

I agree with the gentleman from Wisconsin. If we lived in the best of all theoretical worlds, maybe there should be no grandfather clause, or maybe a 1956 grandfather clause, but we are not living in the best of all theoretical worlds, and we are living in a practical one. I believe—not about the gentleman from Ohio, but about some of the people who will be voting for his amendment—these people will be voting for the gentleman's amendment in the hope of defeating all amendments, so we will remain with this ridiculous grandfather date that is in the bill.

If we look at the practicalities of the situation, the big break particularly in the size of the companies involved began in 1965. So if we want to be practical legislators, we should support the amendment offered by the gentleman from Alabama (Mr. BEVILL).

Mr. REUSS. I thank the gentleman.

Among those companies which came into being after 1965 were the enormous CIT Financial Corp., Montgomery Ward & Co., General American Transportation Corp., Gamble-Skogmo, Inc., Sterling Precision Corp., Sperry & Hutchinson Co., National Lead Co., and many others.

I believe the gentleman from Pennsylvania summed it up very well. It is because of the traumatic parliamentary history of this bill that we hope on the floor here today the majority will be given an opportunity to express itself.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. I thank the gentleman for yielding.

The gentleman normally is quite scholarly in his approach to these problems and normally is able to establish a theory or a philosophy or a principle behind the selection of things such as dates.

The committee in selecting the date presently in the bill had a principle behind it; that is, this was the first time

that that which is a lawful practice was suggested to be not a proper practice.

Mr. REUSS. If I may interrupt the gentleman there, I do not believe it would be accurate to say that February 16, 1969, was the first time the one-bank holding company giants had any inkling that Congress was going to do something about it. Many Members were fulminating about one-bank holding companies years before that.

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

(On request of Mr. BROWN of Michigan, and by unanimous consent, Mr. REUSS was allowed to proceed for 4 additional minutes.)

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. REUSS. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. I was about to ask the gentleman if there is a principle, a theory, a philosophy behind the date of January 1, 1965?

Mr. REUSS. Yes. That is an entirely legitimate question.

The January 1, 1965, date was selected after a very careful study of the size and the deposit structure of all the 700-odd existing one-bank holding companies.

While a date is a date is a date, nevertheless this comes close to being a "let the little ones live but let the big ones divest themselves" amendment. Therefore, I believe the amendment of the gentleman from Alabama (Mr. BEVILL) is a sensible date.

Mr. BROWN of Michigan. The gentleman suggested that perhaps February 17, 1969, could be the date of Elvis Presley's birthday. I would only sugest to the gentleman that what he is suggesting could be as well described as being 48 days prior to Elvis Presley's birthday.

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

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

Mr. BLACKBURN. I should like to state on my own behalf as a member of the committee who participated in the many, many hours, and after having discussed this with members of the committee, I believe the gentleman in the well is absolutely correct when he says that any date does have an arbitrary value to it. What we really would be more justified in supporting might be a size limitation. In fact, I seriously considered the introducing of an amendment to put a limit on the operation of holding companies by size.

As the gentleman pointed out so well, we do not live in a perfect world. In the realities of the political climate we are in today I am going to support the Wylie amendment. If that fails, in turn I will support the original Bevill amendment.

Mr. REUSS. I thank the gentleman.

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

Mr. REUSS. I yield to the gentleman from Pennsylvania.

Mr. MOORHEAD. I should like to ask the gentleman: Is it not true that in 1956 this body passed a bank holding company bill that did not have the one-bank exemption, and is it not true that in 1965 in the Du Pont Estate legislation this body passed an amendment which included one-bank holding companies, and, therefore, is it not true that from 1956, and repeated in 1965, the handwriting was on the wall and anybody who acted subsequent to that was on notice?

Mr. REUSS. The gentleman is exactly right. Without any disrespect to our distinguished chairman, the gentleman from Texas (Mr. PATMAN) who introduced a bill on February 17, 1969, the fact is that not just the gentleman from Texas (Mr. PATMAN) but the entire majority of the House of Representatives had twice in the decade before that indicated with crystal clarity that it intended to do something about one-bank holding companies.

So really it comes with ill grace for these giants now to come in and say, "Oh, had we but known." Certainly they must read the CONGRESSIONAL RECORD.

I now yield to the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. I thank the gentleman for yielding to me and thank him for his comments regarding my work on the committee.

I would like to ask a question about the 400 one-bank holding companies that would be exempt under the so-called Bevill amendment. The implication is left that all of these companies would not increase or decrease in size or could not increase or decrease in size. I do not think that the gentleman intended that.

Mr. REUSS. May I interrupt to say I believe the Bevill amendment—and I am sure the gentleman will correct me if I am wrong—does not allow the existing chains under his amendment to get into new lines of activity. They have to go before a regulatory authority.

Mr. WYLIE. In order to acquire new interests, but that does not say that their present interest cannot expand.

Mr. REUSS. That is correct.

Mr. WYLIE. We get back to the question of what is functionally related. It seems to me we have a determination by the Federal Reserve Board at that point as to whether the activities in which the 400 were engaged before that time were or were not in fact functionally related to banking as found in the facts of each case.

Mr. REUSS. I find it very difficult to argue with the gentleman, because logically and analytically he is entirely right. I say that the only reason that I will regretfully not vote for his substitute is that I believe we would have before us then what might prove to be an unviable vehicle.

Mr. STANTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there is no doubt that we might consider ourselves fortunate in one regard, which is that many of us who have spent long and hard hours on this bill recognize that this is probably one of the most if not the most important amendment. A great deal of time and effort was spent in this regard. I rise in opposition to this amendment for several reasons, and also the amendment to the amendment.

First—and this is for all of you who received five, 10, 15, or 20 letters or telegrams from the National Association of Insurance—if these agents are in your district, as they are in mine, they are some of my best personal friends. They have written to us requesting this date of June 1, 1965. Why not February 17, 1969, as far as the insurance companies are concerned?

The gentleman from Texas (Mr. PATMAN) did the House a service when he outlined the fact that there are 120 banks—and this was part of the reason for the date of June 1—in which one-bank holding companies operated as insurance agents or insurance agents owned a bank.

Mr. Chairman, I say to you here this afternoon and for those of you who have received those telegrams that of these 120 banks or bank-related businesses 92 are from six States in the Union. They are from the Midwest. There are 26 in Nebraska, 20 in Minnesota, Kansas, Colorado, and South Dakota. If you eliminate those, then you come down to one-bank holding companies in the amount of 28. So that in reality in over 400 districts of the United States, in your district and perhaps in your district also, a one-bank holding company is first of all not involved in the insurance business.

Under this bill we take care of it under the grandfather clause.

Mr. Chairman, point No. 2, and I refer you to the remarks of the gentleman from New York. We know we are asking and we are telling over 400 legitimate businesses in the United States that what they did in 1966 was fine, but now come along in 1969 and say they must divest their businesses.

I say to you that no one in this room knows and realizes the complications, we are causing the 400 or 500 financially related organizations that pay the taxes, that make it possible for this country to be the great country that it is. I say to you that this is morally wrong.

Point No. 3, and I think this should be the criterion to vote down the amendment as well as the substitute amendment.

Reference was made twice, and it was made yesterday, as to how the Banking and Currency Committee considered bank holding legislation in the past. I think it would be fair to say that nobody would deny that in 1956 we grandfathered bank holding companies.

Point No. 2, why pick the date of June 1965 when we considered legislation in 1966, and how did the committee look upon divestiture at that time.

Now, I leave you with this particular thought. In 1966 our committee reported out a bill with reference to investment companies. General Financial was involved because they owned 16 banks. What did our committee say at that time about these 16 banks? This was in 1966, and I quote to you from our committee report:

> As introduced the bill would have required Financial General to dispose of its interest in 16 banks. As reported, the bill would authorize retention of these banks unless the chairman finds within one year of the time that the retention is not in the public interest; at the same time—

This is the committee report—

> we recognize that the acquisitions were lawful when made and there may be hardships involved by requiring divestiture in

every instance. Accordingly, the bill as reported would permit retention except in those cases.

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

(By uanimous consent (at the request of Mr. PATMAN) Mr. STANTON was allowed to proceed for 2 additional minutes.)

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

Mr. STANTON. I shall be glad to yield to the gentleman from Texas.

Mr. PATMAN. I would like just for legislative history—and I believe the gentleman will agree with me on it—but since he had so much to do with the writing of this bill and participated in it so actively and knows so much about it, I would like his opinion with reference to one important aspect of this legislation. If the bank holding company or its subsidiaries injure another person or business by, for example, tying the sale of nonbank services to bank services in violation of the Sherman Act, or in violation of the Clayton Act, particularly section 7, nothing in the Bank Holding Company Act prevents the injured person from bringing action under the antitrust laws to protect himself.

Mr. STANTON. I would say to the gentleman that he is getting technical in the House, but I would say further to the gentleman that that is the understanding and intention of the Committee.

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

Mr. STANTON. I yield to the gentleman from Ohio.

Mr. ASHLEY. I thank the gentleman for yielding and I want to commend him on his statement. The gentleman reflects the very same views that I hold with respect to this particular bill. I think that the grandfather date that has been established by the committee is a sensible one.

The gentleman would agree with me that the thrust of this legislation is prospective, and by that I mean it was not the intent of the proponents of the legislation to come in and insist that the legislation is necessary in order to cure past evils. The purpose of the legislation—I think the gentleman will agree with me—is to prevent future potential injury to our economy. Is not that the gentleman's understanding?

Mr. STANTON. As usual, the gentleman from Ohio adds a great deal to this particular matter. Mr. Martin has said himself—and I think everyone is in agreement based upon his past record—that he could not tell us one single abuse but that there was a potential abuse.

Mr. ASHLEY. Mr. Chairman, if the gentleman will yield further, the gentleman has discussed, I think very intelligently, the proposition of divestiture which, of course, is pertinent, when we talk about the particular cutoff date. This is a most unusual remedy. There is nothing funny about divestiture. This is pretty mean business.

If, as the gentleman says, the acquisitions were lawful at the time, then the question, it seems to me before the House, is whether or not those acquisitions today are so pernicious that this unusual remedy of divestiture is justified. And I have yet to hear from the proponents of the earlier grandfather or cutoff date that these acquisitions represent this kind of a threat, or are presently so pernicious as to justify this remedy.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

(On request of Mr. REUSS, and by unanimous consent, Mr. STANTON was allowed to proceed for 3 additional minutes.)

Mr. ASHLEY. I would just like the gentleman's comments, and is not that the thrust of the testimony that was before our committee?

Mr. STANTON. Let us make one thing clear. I think the gentleman from Ohio has just brought this point out. We did not, in this grandfather clause of February 17, say that everything before that is all right, or we were doing something illegitimate, and so forth and so on. This is a very strict status quo grandfather clause.

I do not know about the other Members, but I had people from Pennsylvania and other States saying this is the wrong type of grandfather clause, and give us a grandfather clause that would expand a given business. Nobody is happy with the grandfather clause; it is an attempt to keep the status quo. The majority of the big companies, either bank owned or owned by the one-bank holding companies, are going to divest. But I ask who is going to buy those banks? I will tell you who will buy those banks. Other banks. And you will get more concentration of power in this country than you have ever seen before. It is just those types of companies who are in position to buy the banks, and then you are going to create unforgivable and unforeseen problems if you do not set a recent date.

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

Mr. STANTON. I yield to the gentleman from New York.

Mr. CELLER. Mr. Chairman, I would ask the gentleman from Ohio did the committee consider what would happen if they were to divest? What is bound to happen if you do not have this grandfather clause on the dates that have been set?

Have they considered what havoc would be caused if there was such divestiture, and have they contemplated the kind of disorder that would eventually occur? And have they figured out what would happen to the assets, where would they go, what good consideration could be had for those assets? Has all this been canvassed by the committee in contemplation of the removal of the grandfather clause, the date set, by these amendments?

Mr. STANTON. I would say to the gentleman from New York that he asks a very good question. The answer is emphatically that our committee has given no thought, consideration, or study of what this would do if we roll back the grandfather clause 4 years or 15 years—it would be utter chaos.

Mr. CELLER. Was there consideration raised as to the stockholders in the case of these entities that are affected?

Mr. STANTON. Certainly not to my knowledge.

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

Mr. STANTON. I yield to the gentleman from Wisconsin.

Mr. REUSS. I would ask the gentleman from Ohio this question: I gather that the gentleman's position is that the grandfather date should be February 17, 1969. Is this correct?

Mr. STANTON. I am in favor of this bill in its present form.

Mr. REUSS. Is it not also a fact that the gentleman from Ohio (Mr. STANTON) introduced a one-bank holding company bill some months ago which contained as the grandfather clause date some date back in 1968?

Mr. STANTON. I would say the gentleman is absolutely correct, and if somebody would put in an amendment for that date I would be very happy to support it, because whether it is June or February does not make that much difference.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

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

Mr. STANTON. I yield to the gentlewoman from Missouri.

Mrs. SULLIVAN. In answer to the question put by the gentleman from New York about chaos should any of these companies have to divest themselves of other companies, I want to say that in 1956, 13 companies were required to divest their nonbanking activities from their banking activities as a result of the legislation, the Bank Holding Company Act.

The record shows that not a single one of those companies suffered any financial harm as a result of divestiture. The banking institutions as well as the nonbanking institutions which emerged from these divestitures appear to be in very healthy financial condition today.

Mr. STANTON. I thank the gentlewoman. I am certainly glad that the 13 companies turned out well. If it is the will of the committee to force the divestiture of some 700 companies in this country, I hope that they will all turn out well, too.

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

Mr. STANTON. I yield to the gentleman.

Mr. STEPHENS. In reference to the grandfather clause, is it not true that we created a loophole as it has been said, and now we would be making these people divest and if we do not have a grandfather clause it would be taking advantage of something we created which was perfectly legal at the time it was created.

Mr. STANTON. That is absolutely correct. I could not add anything more to what the gentleman has said.

Mr. STEPHENS. I know that in 1956 we required some divestiture and on other occasions we required divestiture. That does not necessarily mean that we did right then when we did require divestiture; does it?

Mr. STANTON. That is correct.

Mr. STEPHENS. I thank the gentleman.

Mr. DEL CLAWSON. Mr. Chairman, will the gentleman yield?

Mr. STANTON. I yield to the gentleman.

Mr. DEL CLAWSON. Mr. Chairman, in connection with those 13 companies that had to divest under the act the gentlewoman from Missouri referred to, it is my understanding that all of those companies were rather large companies and could handle this kind of situation rather handily, as compared with many of them that are going to be excluded here which would be of small size and it would be a rather serious burden upon them to divest. That is my understanding about those companies at that time. Is the gentleman familiar with that?

Mr. STANTON. I am not too familiar with what the House did back in 1956. I did not know anything about the grandfather clause in those days.

Mr. BLACKBURN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I just want to make a few very brief observations with regard to the whole business of the grandfather clause, moving the date back and requiring divestiture.

I think we all would agree that if any of us went to the doctor in the morning and he advised us that we had a cancerous condition which may have existed for 6 months and possibly for even 5 years, that we would have no reluctance in asking the doctor to remove this growth because we recognize that it is creating a serious hazard to our continued good health.

Mr. Chairman, the reason for this type of legislation is because our country has learned through bitter experience that if we permit an overconcentration of economic power and an overconcentration of business influence in any single institution.

The fact that this legislation has arisen is because it became quite evident to members of the Committee on Banking and Currency and to members of other business interests throughout our whole country that banking institutions were beginning to invade the provinces of businesses which were not properly a part of or an adjunct to banking operations.

As a result of our investigations, we determined that further banking regulations, as applied to bank holding companies, was necessary. If it is necessary for banks in the future, then it is necessary for banks that are engaged in business today. When we use the term "bank," of course, we are referring to them in terms of bank holding companies as we are using the term here today with respect to this legislation.

We are not going to put our banking institutions out of business through enacting either Mr. WYLIE's date or the date proposed by the gentleman from Alabama (Mr. BEVILL). We are giving them 5 years in which to divest. They were on notice some time ago that this country is not going to permit an overaccumulation of economic power influencing any type of business institution in this country. I have no reluctance in telling 10 or 13 of the biggest financial institutions in this country that they are going to have to suffer some economic inconvenience in order to comply with a law that this Congress considers necessary.

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

Mr. BLACKBURN. I am happy to yield to the gentleman from Ohio.

Mr. ASHLEY. I thank the gentleman for yielding. In all fairness, when were the one-bank holding companies put on any kind of notice? Describe that notice.

Mr. BLACKBURN. I am not arguing the question of notice. I am arguing the question of the necessity for a law. If this law is necessary today, it is necessary for the banks that created the problem in the first place. If anyone should be inconvenienced, it is those institutions which have created the need for the legislation. Why should we create an exemption for the very ones which created the need for the legislation? That is what I think those who are opposing this legislation are pleading for.

Mr. ASHLEY. If the gentleman will yield further, it is my recollection that the principal witnesses supporting the legislation all testified that the need was a future need, a potential need for the future, that the present situation was not one that is fraught with danger; that the purpose of the legislation is to prevent future economic concentrations.

Now, would not this be the gentleman's recollection, too?

Mr. BLACKBURN. No, I do not construe the word "future" in the same sense that the gentleman from Ohio construes the term "future." To me, what they were saying in effect is that if we allow this trend to continue—they were not talking about the 10 or 13 institutions that were creating the problem—they were saying if the trend itself continued in the banking institutions, we would see the concentration of economic power which we are saying should not exist.

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

Mr. BLACKBURN. I am happy to yield to the gentleman from Florida.

Mr. GIBBONS. I appreciate the gentleman yielding. The question that worries me, perhaps because I am a purist, is that banks should be in the banking business and nothing else.

Mr. BLACKBURN. I will seek the gentleman's support of an amendment I will propose.

Mr. GIBBONS. Good. Is there anything in the Bevill amendment or in the committee bill that would prevent these 400 institutions from growing and growing and growing and finally becoming economic octopuses themselves?

Mr. BLACKBURN. Oh, yes. These institutions will be limited in future expansions. But, the reason I stated to the gentleman from Wisconsin that I felt a size limitation was a more equitable approach, we want to protect the economies of many small rural areas in our country. We find that many areas have as the whole basis of their economy a one-bank holding company operation. Certainly with the influx of people to our cities that we have today, we have no reason to break up the economic entities in our rural areas. We are trying to enable them to produce at the same time we prevent the big ones from going too far.

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

(On request of Mr. GIBBONS, and by unanimous consent, Mr. BLACKBURN was allowed to proceed for 2 additional minutes.)

Mr. GIBBONS. Mr. Chairman, will the gentleman yield further?

Mr. BLACKBURN. I yield to the gentleman from Florida.

Mr. GIBBONS. In the Bevill amendment is there a dollar limitation, or what kind of limitation is there to keep these institutions from growing?

Mr. BLACKBURN. I am happy to yield to the gentleman from Alabama (Mr. BEVILL).

Mr. BEVILL. There is a provision here that prohibits one-bank holding companies, or bank companies from buying into the small one-bank holding companies and going into the nonbanking business. That is the concern here. We keep talking about banks. Actually, we are not trying to protect banks or the one-bank holding company. We are trying to protect the people, because the need has risen as a result of the economic power that is being concentrated by these big companies that have gone into the various nonbanking businesses—owning the bank, also owning a big insurance, a leasing business, and going into all these businesses, creating, in effect, a conglomerate there with the bank that is an unfair advantage to him and a disadvantage to the businessman and the man on the street.

We are talking about what is best for the public and for people and not necessarily about what is best for banks. This particular bill does not affect any banks but it affects the one-bank holding companies.

Mr. GIBBONS. Mr. Chairman, if the gentleman from Georgia will yield further, getting back to my original premise that banks ought to be banks and not anything else and ought to restrict themselves to the banking business altogether, what is there in all this legislation to prevent somebody from coming in and buying a one-bank holding company and expanding the assets and the whole operation and turning it—if it is not a giant today—into what may grow into a giant?

Mr. BLACKBURN. Mr. Chairman, the gentleman from Alabama explained that such a prohibition is contained in his amendment.

Mr. BEVILL. Mr. Chairman, that is prohibited in my amendment.

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

Mr. BLACKBURN. I yield to the gentleman from Ohio.

Mr. STANTON. Mr. Chairman, I think the gentleman from Alabama is making the point that this should be in the law.

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

(On request of Mr. MATSUNAGA, and by unanimous consent, Mr. BLACKBURN was allowed to proceed for 1 additional minute.)

Mr. MATSUNAGA. Mr. Chairman, if the gentleman from Georgia will yield, I wish to commend the gentleman in the

well for the position he has taken on the Bevill amendment. I too rise in support of the amendment.

Some concern has been expressed about the banks having to divest themselves of certain businesses acquired since the so-called grandfather clause date. What is being sought here is to require banks to divest themselves only of those businesses which are in no way connected with banking; so that the banks will in no way be hurt.

We ought to vote for the Bevill amendment for the further reason that in 1956 when Congress passed the Bank Holding Company Act, the banks were out on notice that Congress would insist upon banks remaining in the banking business. It was subsequent to the passage of that act that many banks expanded into nonbanking areas. It is not unreasonable, therefore, that banks and bank holding companies be required to divest themselves of these nonbanking businesses.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that debate on this amendment and all amendments thereto terminate at 3:30.

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

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Florida (Mr. GIBBONS).

Mr. GIBBONS. Mr. Chairman, I yield back my time.

The CHAIRMAN. The Chair recognizes the gentleman from Florida (Mr. BENNETT).

Mr. BENNETT. Mr. Chairman, I offer two amendments. One is printed on page 32891 of the CONGRESSIONAL RECORD, and it may be declared to be nongermane. Therefore, I have a substitute amendment which says—and it is on page 32891, and this is a substitute for the Bevill amendment, and winds up with the language in the middle of page 32891, saying:

> The provisions of this law shall not apply to one-bank holding companies with bank assets of less than $30,000,000 and non-bank assets of less than $10,000,000.

This is the amendment I spoke about yesterday, which was spoken of by Chairman William McChesney Martin of the Federal Reserve Board as a practical amendment. He suggested a fixed date, but as an alternative this very fine amendment which I think is an improvement over all before us today. It provides that this law shall not apply to one-bank holding companies with bank assets of less than $30,000,000 and nonbank assets of less than $10,000,000.

This goes to the principle of the matter and does not speak about merely using a certain period of time as a cutoff. It goes over the stumbling blocks of concern all the way through. This is basic, on principle. We can stand on this amendment. It is just good commonsense. I hope we all support it.

The CHAIRMAN. The Chair recognizes the gentleman from Rhode Island (Mr. ST GERMAIN).

Mr. ST GERMAIN. Mr. Chairman, I rise in support of the Bevill amendment.

So far as telegrams are concerned, I have heard of telegrams being received from insurance agents. I believe it should be clear that the American Bankers Association lobby has been very active also, with telegrams and letters and phone calls. Let that be on the RECORD, and let the RECORD be clear on that; not that it matters how many telegrams are sent.

As to divestiture, those companies formed after 1965 certainly were aware of the possibility, or the probability, of this legislation being considered and adopted. The gentleman from Hawaii, I believe, made it very clear that the only functions they would have to divest themselves of would be those functions not related to banking.

As a matter of fact, many of these one-bank holding companies have been formed on paper alone. These bank holding companies are waiting the results of this legislation prior to going into complete operation.

I hope the Members will support the Bevill amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. MOORHEAD).

Mr. MOORHEAD. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Ohio for practical reasons. I believe it is more likely that the amendment of the gentleman from Alabama will be adopted.

I want to assure the gentleman from Ohio that if his amendment is adopted I will support the amendment as amended, because in addition to the date there is something very signficant in the amendment of the gentleman from Alabama. Under the bill as reported by the committee, if a bank holding company is grandfathered in and it holds, for example, a bank and a chain of department stores it can go on buying more and more department stores and continue to expand. This would not be true under the amendment of the gentleman from Alabama.

In addition, there is a possibility under the bill as reported by the committee that a big corporation could buy up the shares of a grandfathered-in holding company and we would have just the kind of evil we are trying to prohibit in this legislation case.

So under either the Wylie amendment to the Bevill amendment or under the Bevill amendment we would be taking care of that situation. I believe that is even more important than the date, though I do believe as a practical matter we will have cured 99 percent of the evils by adopting the amendment of the gentleman from Alabama (Mr. BEVILL).

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. STANTON).

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

Mr. STANTON. I yield to the gentleman from New Hampshire.

Mr. CLEVELAND. Mr. Chairman, I rise in support of the amendments. Although not a member of the committee nor an expert on this subject, so many of my constituents have expressed their concern that I do wish to express my support for the rollback of the grandfather clause.

It is my understanding that a stated objective of H.R. 6778 is to prevent subsidiaries of bank holding companies from engaging in the insurance agency business, among other activities.

Thus, it would seem clear that the present grandfather clause prevents this legislation from accomplishing one of its stated objectives. As pointed out in the additional views and during the debate, without rolling back the grandfather clause, we would, in effect, be closing the barn door after the horses are out. We would, in effect, be exempting the very organizations that created the problem of economic concentration which is one of the problems that H.R. 6778 is designed to solve. It is also my understanding that many independent banks which have made no attempt to engage in any of the prescribed activities fully support a rollback of the grandfather clause.

Mr. STANTON. Mr. Chairman, I ask unanimous consent to yield my remaining time to the gentleman from California (Mr. DEL CLAWSON).

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. DEL CLAWSON).

Mr. DEL CLAWSON. Mr. Chairman, I thank the gentleman.

I rise in opposition to the amendment and the amendment to the amendment.

I want to read from remarks that were made in the RECORD yesterday to show just the effect this would have upon the small companies if the amendment should be adopted:

> The hundreds of small one-bank holding companies are the heart of the grandfather clause problem.

I think this is important, that we get that picture. Continuing:

> Tax considerations were the principal motivating force in the creation of these small corporations combining other business activities and banking. It is a common form of organization throughout the midwestern States. Over 200 of them—

Over 200 of them—

> have been formed in the past 5 years.
>
> These small one-bank holding companies would be seriously damaged by a rollback in the grandfather clause date, as some have suggested, to January 1, 1965. Many would be forced out of business and for the others the banks probably would have to be merged into other larger banking institutions.
>
> All this would take place at the same time that an even larger number of similarly situated small one-bank holding companies engaging in nonrelated business were permitted to continue because they had acquired their banks prior to a January 1, 1965, grandfather clause date.
>
> For the small one-bank holding companies, the date of the grandfather clause is of critical importance. The small companies can live with the activity and share investment freezes imposed by the grandfather clause as reported by the committee. They were formed, not for growth and expansion purposes, but for tax reasons.

I think it is important that we place this particular amendment in its proper perspective. The small companies will be the ones that will be seriously damaged. Even if we roll it back, there are some 200 small companies involved since the 1965 date.

The CHAIRMAN. The Chair recognizes the gentleman from Mississippi (Mr. MONTGOMERY).

Mr. MONTGOMERY. Mr. Chairman, I rise in support of the Bevill amendment without it being amended.

From the remarks of the gentleman from Ohio (Mr. STANTON), I got the impression that this amendment has only the support of the insurance agents of this country. That is not true. I hold in my hand a telegram from the Independent Bankers Association of America, signed by the president of this association, Mr. Bradford Brett, who is also president of the First National Bank of Mexico, Mo., whose association fully endorses the Bevill amendment and asks that the House support this amendment.

I would like to ask the author of this amendment, the gentleman from Alabama (Mr. BEVILL), what support from people across the country does this amendment have?

Mr. BEVILL. The gentleman is correct, there are many people that support this amendment, including the Independent Bankers Association of America.

Let me say this: This bill in its present form will not do what the Congress has in mind doing. It will not do what this House intended when it passed the one-bank holding company bill in 1965, which is when my amendment would become effective. I think it boils down to one of the two amendments that have been offered. I say that my amendment is the most reasonable approach, because, as the chairman of the Committee on the Judiciary pointed out a moment ago, it is not wise to go back some 12 or 13 years.

I urge your support of my amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Chairman, if all of the people who have indicated that they like my amendment would support it, we would not have to be afraid that it would not pass. This is the only argument I have heard against it from those who would support the Bevill amendment date.

Going back to a statement which the gentleman from Georgia (Mr. BLACKBURN) made and to which the gentleman from Ohio (Mr. ASHLEY) responded, in the testimony of Mr. David Kennedy, the Secretary of the Treasury, stated that H.R. 9385 is needed because it would reasonably but effectively stop the trend toward merging of banking and commerce. This trend, which is now developing, threatens to change the nature of the American free enterprise system.

It would reasonably, but effectively, stop a trend toward the merging of banking and commerce. This trend, just now developing, threatens to change the nature of the American private enterprise. Our economy could shift from one where commercial and financial power is now separated and dispersed into a structure dominated by huge centers of economic and financial power. Each would consist of a corporate conglomerate controlling a large bank, or a multibillion dollar bank controlling a large nonfinancial conglomerate.

I say, as Mr. BLACKBURN said, why do we want to grandfather in the very corporations that created the problem that caused us to be here today and allow them to expand their present activities further?

I urge Members of the House to support my amendment, which would take the date back to the date of the enactment of the original Bank Holding Act of 1956, so that everyone in the business would have the same competitive advantage.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin (Mr. REUSS).

Mr. REUSS. Mr. Chairman, the issue between the committee version and either the Bevill amendment or the Wylie amendment is a clear one. The committee version would lock the stable only after the horse had been stolen. The other two amendments would make a good-faith effort to go out and recapture the horse.

I think the Wylie amendment is a splendid amendment. I would hope it passes. If there are Members—and I think there are—who feel that going back 13 years is going back a little too far in time, let them support the Bevill amendment. They are both excellent amendments, and I just hope that the parliamentary situation permits what I am convinced is the majority view in this body to prevail.

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

Mr. REUSS. I yield to the gentleman from Massachusetts.

Mr. BOLAND. Mr. Chairman, I want to express my support for this legislation—legislation that would prevent one-bank holding companies from becoming menacing complexes of institutional power. The separation of banking activities from other business activities has been demanded by Federal law for more than three decades. The Glass-Steagall Act, passed in 1933, plainly and explicitly called for this kind of separation. And the 1956 Bank Holding Company Act, created to deal with banks that moved into business activities not even remotely or tenuously related to conventional banking, made bank "holding companies" honor this separation.

Yet the act, barring any company that holds more than 25 percent stock in two or more banks from engaging in business activities not directly linked to banking, exempted companies that control only one bank. This provision—a provision that merits the term "loophole"—has allowed thousands of bank holding companies to invade fields of business activities that are usually, and properly, run by business institutions other than banks. This trend is growing more alarming year by year. Since 1966, for example, a great many banks have converted to the status of one-bank holding companies—among them some of the most powerful banks in the country. No legal restrictions—none whatsoever—limit the kinds of activities these banks may engage in under the guise of holding companies.

The bill now before us would establish the restrictions now lacking, bringing one-bank holding companies within the jurisdiction of the 1956 Bank Holding Company Act.

I object, however, to one provision of this bill: the grandfather clause that would allow all one-bank holding companies engaged in nonbanking activities before February 17, 1969, to continue in such activities. I support Congressman WYLIE's proposed amendment to push back the grandfather clause date to May 9, 1956, the date of the enactment of the original Bank Holding Company Act. The 1969 date jeopardizes the very purpose of this bill, allowing at least 639 one-bank holding companies to continue the activities this bill was designed to prohibit. No justification exists for such startling exemptions—not legally, not ethically, not practically. The original 1956 act spared one-bank holding companies because about 115 of them—all small, rural institutions playing a key role in the economic life of their communities—would be stripped of their financial support. The 1956 date sought by Mr. WYLIE would allow these small institutions to continue, but it would prevent huge and powerful institutions from jeopardizing the economy.

I urge the passage of Mr. WYLIE's amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. I thank the Chairman.

Mr. Chairman, the amendment which has been offered by the gentleman from Alabama (Mr. BEVILL) sets the date of the grandfather clause as January 1, 1965. This is the date which has been suggested by the insurance industry itself. Every Member here who has received any correspondence on this matter recognizes the source of that date.

Mr. Chairman, I am sympathetic to the concerns of the insurance industry. But their concerns are prospective concerns rather than concerns that arise out of harm that they have experienced. As a matter of fact, although I have received numerous messages and other contacts from the insurance industry regarding the grandfather clause I have not received a single letter which describes a harm suffered by an agent or agency because of one-bank holding company activity. In fact, even the insurance industry has some in-house disagreement. I would like to quote from a letter which I have received from the National Association of Mutual Insurance Agents in which it is said:

> In light of the situation that has developed, our position is to oppose a "grandfather clause" any later than 1956. Our judgment is that any date which is chosen subsequent to that upon which the Bank Holding Company Act of 1956 was signed into law would be unequitable to someone.

So, certainly, there are some in the insurance industry who support the Wylie amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. BLACKBURN).

Mr. BLACKBURN. Mr. Chairman, I yield back my time.

The CHAIRMAN. The Chair recog-

nizes the gentleman from Texas (Mr. PATMAN) to conclude the debate under the time limitation.

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

Mr. PATMAN. I yield to the gentlewoman from Missouri

Mrs. SULLIVAN. Mr. Chairman, I strongly support the amendments offered by the gentleman from Alabama (Mr. BEVILL), rolling back the grandfather clause or forgiveness date from February 17, 1969, to January 1, 1965, and the amendment to the amendment, offered by the gentleman from Ohio (Mr. WYLIE).

Any 1969 date or any 1968 date is far too late to allow these holding companies to continue to mix banking and nonbanking activities. We should place the date, if there must be any grandfather clause at all, before any major companies entered the bank holding company field.

The question as to whether we are punishing these companies seems to me to be overemphasized in proportion to the actual facts. In 1956, 13 companies were required to divest of their nonbanking activities or their banking activities as a result of the enactment of the Bank Holding Company Act. The record shows that not a single one of these companies suffered any financial harm as the result of divestiture. In fact, the banking institutions as well as the nonbanking institutions, which emerged from these divestitures appear to be in very healthy financial condition.

On the other hand, allowing certain large corporations the advantage of mixing banking and nonbanking activities that their competitors are not permitted, gives these corporations a special privilege to the detriment of the public and their competitors. There is nothing in the provisions of the grandfather clause containing the February 17, 1969, date which prohibits the exempted bank holding companies from expanding to an unlimited degree all nonbank activities they are presently engaged in anywhere in the country.

If it is against the public interest to mix banking and nonbanking activities, then we should not give these large companies a privilege which clearly violates the whole purpose of the Bank Holding Company Act.

Therefore, I strongly support the rollback of the grandfather clause to the earliest possible date.

Mr. PATMAN. Mr. Chairman, much has been said about who is supporting this amendment. I can assure you that they are supported by all small business concerns, regardless of their kind of business all over the Nation. It is supported by independent bankers who represent over one-half the banks in the Nation. It is supported by the insurance agents, the travel agents, the accountants, investment bankers, securities dealers, mutual funds, data processing and many insurance companies.

Mr. Chairman, a question was raised about the Bevill amendment which I feel should be explained. If the Bevill amendment is adopted, then a bank holding company cannot expand its subsidiary activities by additional acquisitions. Nor could one bank or nonbank acquire a grandfathered bank holding company and continue the bank holding company exemptions.

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

SUBSTITUTE AMENDMENT OFFERED BY MR. BENNETT FOR THE AMENDMENT OFFERED BY MR. BEVILL

Mr. BENNETT. Mr. Chairman, I offer a substitute amendment for the Bevill amendment.

The Clerk read as follows:

Amendment offered by Mr. BENNETT as a substitute for the amendment offered by Mr. BEVILL: strike lines 12 through 23 and insert:

"d. The Bank Holding Company Act of 1956 is amended by adding at the end of section 2 the following new subsection:

" 'SEC. 4. The provisions of this law shall not apply to one-bank holding companies with bank-assets of less than $30,000,000 and non-bank assets of less than $10,000,000.' "

PARLIAMENTARY INQUIRY

Mr. BLACKBURN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. BLACKBURN. Mr. Chairman, do I understand we are preparing to vote, and if so, what will we be voting upon? I understand there is another amendment now.

The CHAIRMAN. The Chair will state that under the time limitation there is no further time for debate, and the Chair will explain that the amendment offered by the gentleman from Alabama (Mr. BEVILL) is before the Committee, the amendment offered by the gentleman from Ohio (Mr. WYLIE) to the amendment offered by the gentleman from Alabama (Mr. BEVILL) is before the Committee, and the substitute amendment offered by the gentleman from Florida (Mr. BENNETT) for the amendment offered by the gentleman from Alabama (Mr. BEVILL) is before the Committee.

The first vote will occur on the amendment offered by the gentleman from Ohio (Mr. WYLIE) to the amendment offered by the gentleman from Alabama (Mr. BEVILL).

Mr. BROWN of Michigan. Mr. Chairman, I raise a point of order on the amendment offered by the gentleman from Florida (Mr. BENNETT) in that it is not germane to the bill.

The CHAIRMAN. Does the gentleman wish to be heard on his point of order?

Mr. BROWN of Michigan. Yes, Mr. Chairman; I would like to be heard on my point of order.

Mr. BENNETT. Mr. Chairman, I make a point of order that I think the point of order raised by the gentleman from Michigan is too late, but I think the amendment is germane, anyway.

The CHAIRMAN. The Chair will state that the point of order raised by the gentleman from Michigan is too late. The gentleman from Georgia had arisen for a parliamentary inquiry.

Mr. BROWN of Michigan. Mr. Chairman, if I could be heard on that, as I recall the activity of the House at that time the amendment was offered, it was read, the parliamentary inquiry was made as to what was before the Committee, the Chair explained what was before the Committee at that time, and at that time I made my point of order.

The CHAIRMAN (Mr. HOLIFIELD). The Chair will state that the gentleman's point of order comes too late because we have had a parliamentary inquiry in the meantime, and the Chair has responded.

The question is on the amendment offered by the gentleman from Ohio (Mr. WYLIE) to the amendment offered by the gentleman from Alabama (Mr. BEVILL).

The question was taken; and on a division (demanded by Mr. REUSS), there were—ayes 63, noes 34.

So the amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Florida (Mr. BENNETT) for the amendment of the gentleman from Alabama (Mr. BEVILL), as amended.

The substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama (Mr. BEVILL), as amended by the gentleman from Ohio (Mr. WYLIE).

The question was taken; and on a division (demanded by Mr. STANTON), there were—ayes 79, noes 25.

So the amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. BLACKBURN

Mr. BLACKBURN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLACKBURN:

Page 13, line 6, strike "The Board" and all that follows through line 18.

Page 14, add the following after line 23:

"(d) Section 4 of the Bank Holding Company Act of 1956 is amended by adding at the end thereof the following new subsection:

" '(f) The following activities are neither necessary, incidental, nor related to carrying on the business of banking or of managing or controlling banks, and are not in the public interest to be carried on by bank holding companies or subsidiaries thereof:

" '(1) Engaging in the issue, flotation, underwriting, public sale, or distribution, at wholesale or retail, or through syndicate participation, of stocks, bonds, or other similar securities, or of interests in any such securities, whether or not any such interests are redeemable and whether or not the securities to which any such interests relate are in a fund or account or are subject to discretionary sale or purchase, except in the case of—

" '(A) the issuance by any bank of certificates of deposit, passbooks, acceptances, checks, or other evidences of banking liabilities;

" '(B) the issuance by any bank, bank holding company, or subsidiary thereof of stock, bonds, notes, or other evidences of capital loaned to or invested in the bank, company, or subsidiary itself and not in any fund or account for reinvestment; and

" '(C) dealing in and underwriting securities which are by the terms of paragraph 'Seventh' of section 5136 of the Revised Statutes exempted from the limitations and restrictions contained in that paragraph as to dealing in and underwriting investment securities.

" '(2) Providing insurance either as principal or as agent, except

" '(A) where the insurance is limited to insuring the life of a debtor pursuant to or in connection with a specific credit transaction, or providing indemnity for payments

coming due on a specific loan or other credit transaction while the debtor is disabled, or

"'(B) in the case of a national bank, to the extent permitted by the eleventh paragraph of section 13 of the Federal Reserve Act, and in the case of any other bank, to the extent permitted under the laws of the jurisdiction under which it is organized and doing business.

"'(3) Engaging in business as a travel agency.

"'(4) Engaging in the business of providing auditing or other professional services in the field of accounting.

"'(5) Engaging in the business of providing data processing services except

"'(A) as an incident to banking services such as the preparation of payrolls, or

"'(B) to the extent necessary to make economical use of equipment primarily acquired and used for the bank holding company or its bank subsidiaries.

"'(6) Engaging in the business of leasing property except under arrangements whereby the lessee is

"'(A) obligated to pay over the term of the lease not less than the entire cost of the property, and

"'(B) entitled to ownership of the property at the end of the term of the lease either for a nominal consideration or for no consideration.'"

Mr. BLACKBURN. Mr. Chairman, we have had a great deal of discussion here today about the need for additional legislation in the field of bank holding company regulations.

What we have just done is advised the Federal Reserve Board, which under the provisions of this bill will be the regulating agency, that certain operations which were not being conducted prior to a certain date by bank holding companies shall henceforth be prohibited by those bank holding companies.

It is my opinion, and I think the testimony before the Committee will bear this out, that one of the reasons we had this great proliferation and expansion by banking institutions in areas which would not be considered functionally related to or necessary adjuncts to banking is because there has been confusion among the members of the banking industry as well as the regulating agency as to exactly what should and what should not be considered banking activities.

What I am proposing in this amendment are specific prohibitions which spell it out for the benefit of those in the banking industry as well as for the benefit of the regulatory agency that certain activities shall not be considered as necessary adjuncts to or as functionally related to banking institutions or banking activities.

Let me very briefly summarize what activities I propose to exclude as a matter of law from banking operations by bank holding companies.

I want to point out that this legislation only applies to those institutions operating under the one-bank holding company operations.

The first is a provision to prevent banks from engaging in general underwriting and issuance of securities or engaging in what we as laymen would consider the securities business.

Second, we would prohibit banks and bank holding companies from engaging in the insurance business, whether as principal or as agent.

Now let us remember, however, if you will read the language of my amendment, that we do not prevent the banks, or other holding company subsidiaries, from writing credit life and health insurance.

For example, if a man wants to get insurance on his life, to insure payment of a loan, the bank can write that insurance. But a bank cannot act as agent in writing general casualty or property insurance unless it qualifies under one of the two specific exceptions. National banks are permitted to do this in communities whose population is under 5,000, and State-chartered banks may do it to the extent permitted by State law.

Third, we provide that a bank cannot engage in the travel agency business.

Fourth, we draw a distinction between accounting and providing bookkeeping services. Accounting is a profession, requiring knowledge and training of a profession, and I do not think it is proper that a bank should be engaged in accounting activities.

Fifth, we provide that the bank can provide data processing services, but only to the extent necessary to supplement the banking activities for their clients, or as necessary to make economically justifiable use of data-processing equipment.

I want to advise the members of the committee that testimony from the bankers themselves was to the effect that they have to buy very expensive data-processing equipment. They found they were unable to make the maximum use of this equipment in their banking activities. Therefore, they used the surplus capacity for other services for their customers.

Now, we do not prevent that in my amendment. To the contrary, we permit it.

Sixth, and finally, the amendment would prevent or prohibit banks from engaging in the business of leasing equipment, except where the lease is essentially a financing of a purchase. For example, if you sign a contract to lease an automobile for a 3-year period, and at the end of that time you will have paid the purchase price of the automobile over the lease life, that will be permitted under my amendment. But so far as banks going out and trying to become No. 1 in the U-drive-it business, that would be prevented under the language of my amendment.

Mr. Chairman, we spent many hours and many weeks discussing this legislation. I think that if we do not give clear guidelines to the banking institutions, if we do not set clear guidelines for the regulating agency itself, the Federal Reserve Board, we will have done ourselves, the banking industry, and the regulating agency a great disservice. What I am proposing to do is to fill the gap and to make it clear, so that the rules of the game will be the same for all banking institutions.

I think my amendment is a fair one, it is a just one, and is based upon the testimony we received in many hours of testimony before our committee.

Mr. PATMAN. Mr. Chairman, I ask for recognition in support of the amendment.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. PATMAN. Mr. Chairman, I strongly support the amendment offered by the gentleman from Georgia, and I urge its adoption. I do not know of any member of the committee who worked more diligently and honestly and intelligently on this very complicated bill than the gentleman from Georgia (Mr. BLACKBURN), who seemed to have an understanding from the very beginning, and not all Members took the time and devoted the attention to it that Mr. BLACKBURN did, and I feel like what he says is worthy of great consideration.

I strongly support the amendment that he has offered, and I hope that all the people who are interested in it, the small business people, the independent bankers, insurance agents, travel agents, accountants, investment bankers, security dealers and, of course, I mentioned insurance agents, data processing, and many of the greatest insurance companies in this country will support this amendment because it will carry out the will of your constituents, who have asked you to support them.

Mr. Chairman, H.R. 6778, as amended and reported by the committee, prohibits bank holding companies or their nonbank subsidiaries from performing the function of a general insurance agent. On the basis of extensive testimony taken by the committee during 4 weeks of hearings, it was convincingly pointed out by many witnesses that certain other businesses, in addition to insurance agents, are seriously threatened by potential unfair competition from bank holding companies. These businesses, involving hundreds of thousands of independent businessmen throughout the United States include travel agencies, professional accounting firms, data processing companies and equipment leasing companies.

In addition, serious questions were raised by several witnesses during our hearings on H.R. 6778, including leading economists, concerning the tremendous economic power that would be created by the concentration of giant insurance companies and large banks under a single holding company umbrella. The assets of commercial banks and insurance companies comprise most of the assets available for use by all the institutional investors in the United States. Insurance companies and banks combined control roughly $865 billion, or 77.2 percent of the $1.1 trillion of institutional investors in the American economy. Commercial banks alone control $646 billion, or 57.7 percent of this total. Various news media have indicated possible mergers, through the holding company device, of several of the largest commercial banks and largest insurance companies in the country.

One such merger was dropped last winter after the Justice Department brought suit. However, we cannot rely in the long run on such administrative action. We should legislatively prohibit such massive concentrations of economic power. There is no justification for them. By permitting a combination of banks and insurance companies, a tremendous concentration of financial resources would be attained to the detriment of the public interest.

Unfortunately, nothing in H.R. 6778 as reported would prohibit these combinations from taking place within the bank holding company systems.

H.R. 6778 as amended and ordered reported prohibits a bank holding company from acquiring the shares of any company "engaging in the underwriting, public sale, or distribution of mutual funds." This provision of the bill as presently drafted raises two serious questions: First, it prohibits nonbank subsidiaries of bank holding companies from engaging in the sale, underwriting or distribution of mutual funds, but it does not prevent a bank subsidiary of a bank holding company or any other banking institution from carrying on such activities if permitted to do so by the bank supervisory agencies. In fact, the Comptroller of the Currency has already ruled that national banks can engage in what, in effect, are mutual fund operations. Second, the term "mutual fund" is not defined anywhere in Federal law. Technically, what banks have been seeking to do is to sell participations in what are known as commingled agency accounts. This is, in effect, a mutual fund activity.

Therefore, it is questionable whether the amendment adopted in the committee will accomplish the stated purpose of prohibiting banks, as well as bank holding companies, from engaging in this aspect of the securities business. An amendment should be adopted that clearly prohibits both banks and bank holding companies from engaging in mutual fund sales, as was intended in the original Glass-Steagall Act of 1933 which separated the business of banking from all aspects of the securities business.

So the object of this amendment and the purpose of this bill, if enacted into law, is not to prohibit or deter or stop anything the banks are doing. It keeps the banks in the banking business.

Banking is a rather lucrative franchise. There is no reason now why they should step out and have a sort of "boarding house reach" to pick up nonrelated companies. It is not right. It should not be done. Keep the banks in the banking business. Give the small businessman an opportunity to survive and to expand, to exist. That is all we are asking.

I hope that the Members will vote for the Blackburn amendment.

Mr. Chairman, I want to make it clear that when the Congress says that the activities listed in section 4(f) of the Bank Holding Company Act as amended by this bill are neither necessary, incidental, nor related to banking, we mean just that. Therefore, the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation and the courts should take into consideration this statement of legislative policy when considering what is incident to banking under the banking laws.

Mr. REES. Mr. Chairman. I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to this amendment not because all parts of the amendment are good or all parts of the amendment are bad. The problem is that the amendment is a laundry list and has just about everything tied into it.

I wish that the gentleman from Georgia had split this up into several amendments.

If Members have this bill I suggest that they turn to page 13. On page 13 it gives the criteria by which the Federal Reserve Board decides whether a function should be under a bank holding company or should not be under a bank holding company. Here are the criteria that the Congress to date has given to the Federal Reserve Board. The function "is functionally related to banking in such a way that its performance by an affiliate of a bank holding company can reasonably be expected to produce benefits to the public that outweigh possible adverse effects."

It says that what the bank holding company can do is functionally related to the business of banking—functionally related to the business of banking and that the benefits to the public outweigh the adverse effects to the public.

This is what the bill says.

Then it puts in two prohibitions. No. 1 is that a bank holding company cannot perform the functions of an insurance agent.

No. 2 is that it cannot engage in the underwriting, public sale or distribution of mutual funds.

I believe the clarifying amendments of Mr. BLACKBURN'S amendment in these two areas are good clarifications because of the legal problems we have of definition.

But when we start a laundry list and say, "Let us figure out the areas we do not believe the banks ought to go into," and toss in travel agencies, toss in accounting, toss in bookkeeping services, and talk about data processing and talk about leasing equipment, that is something else. Some of these are in the areas which are functionally related to the business of banking.

The bank is set up as a patsy, and we are saying, "These are the things you cannot do." No matter if the Fed determines that they are functionally related to banking.

We really have not looked at these functions to decide whether banks should be doing them or not.

Let us look at the concept of leasing. Many airlines today obtain airplanes by leasing. When they sign a contract they do want to lease, not purchase, that airplane. They want to lease that airplane for 5 years, and then they want someone else to get rid of it. They do not want a conditional sales contract, which this bill in fact refers to.

The banks deal with this major type of leasing because the banks have financial management ability to go into this major type of leasing.

What about data processing and the use of computers? The Bank of America, in my State of California, spent millions of dollars to develop the whole concept of the use of computers in the business of banking, and now we would say, "Despite the fact that you did this you cannot go into the computer market unless you are using extra time."

What about bookkeeping? For example, if there is a plant which hires 1,000 people, would we tell the bank, "You have all of this data, you have all of the records, but you cannot take care of the payroll of that plant and run the checks out through the use of data processing equipment."

We are saying that a bank cannot perform this function even though the board might be deciding this is functionally related to the business of banking.

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

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

Mr. BLACKBURN. I would invite the gentleman to read the bill with a little more care, because that type of activity would be permitted by a bank for one of its customers, preparing payroll checks and that sort of thing.

Mr. REES. There is no definition in there as to specifically what is accounting and what is bookeeping, what is computer programing and what is not. I think that in technical areas like this, we should have the Federal Reserve Board make the decision, and that decision will be based on whether this function a bank is providing for a customer is functionally related to the business of banking, which you have on page 13 of the bill.

Mr. BLACKBURN. The gentleman agrees with me, does he not, that under this bill we are talking about passing here the Federal Reserve Board will be the regulating agency?

Mr. REES. Yes.

Mr. BLACKBURN. So the Federal Reserve Board, then, under the provisions of my amendment will be the agency to make the determination as to what is properly accounting and what is bookkeeping.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. REES was allowed to proceed for 2 additional minutes.)

Mr. REES. The laundry list is a negative prohibition, saying thou shalt not engage in these functions. That means the Federal Reserve Board cannot even look at the functions and decide whether they are functionally related to the business of banking. I think it is unwise. I think it closes the door to the whole concept of the future of banking and the use of technology.

Mr. BLACKBURN. I just want to state my position here. I submitted this amendment with the view in mind that the Federal Reserve Board under the language of this amendment will have flexibility and banking institutions themselves will have flexibility, but we have to provide as a part of the legislative process and as a part of the process of making the law some broad guidelines for the benefit of the banking institutions and for the regulating agency. Totally to ignore this obligation I think is a disservice.

Mr. REES. When you say that thou shalt not engage in X business, you are certainly not providing much flexibility. No means "no", and the agency will determine just that. I think we ought to draw up broad guidelines and leave it up to the agency itself to decide.

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

Mr. REES. I yield to the gentleman from California.

Mr. TUNNEY. Does the gentleman have any idea what the criteria were in the establishment of the various functions that were included in the laundry list? Why are some functions included and some left out?

Mr. REES. It depends on who came before the committee and gave testimony as to why that specific function should be left out of the negative prohibition.

Mr. TUNNEY. Is that the only reason you can think of?

Mr. REES. I think we do have bona fide cases where businesses are afraid of banks going into nonrelated banking activities, banks do have a very good idea of what the businesses can do and this is dangerous if one's bank is to compete with them. But remember that we put the grandfather clause back to 1956, so we have outlawed all of these nonbanking functions by virtue of our grandfather clause.

Mr. STANTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I will not take my full 5 minutes, because the gentleman from California has so eloquently presented the case against this amendment, but I simply want to remind the committee that this is a one-bank holding company bill that we are putting under the Bank Holding Company Act. It relates to the term "functionally related activities." We have had faith in the Federal Reserve Board in the past and we should have it in the future. Every acquisition approved by the Board has to be included in their yearly report and to say explicitly what every single case is. So I think that Congress has the protection.

Mr. ST GERMAIN. Mr. Chairman, I rise in support of the amendment.

Mr. ST GERMAIN. Mr. Chairman, as a member of the House Committee on Banking and Currency who filed additional views regarding H.R. 6778, a bill on the Bank Holding Company Act of 1956, I wish to speak as clearly and forcefully as possible in support of the Blackburn amendment which is essential to protect the very existence of hundreds of thousands of independent businessmen throughout the United States including travel agencies, professional accounting firms, data processing companies and equipment leasing companies.

I sat through the extensive hearings before our committee on this legislation and became more convinced than ever of the serious threat which these small businessmen are confronted with as a result of their being forced to compete with large and powerful banks and bank holding companies.

I regret that the bill which our committee reported did not take into account the need to protect these small businessmen and I strongly urge my colleagues to join with me in supporting corrective amendments to afford a degree of protection for these businessmen and to assure that the Federal Reserve Board administering the Bank Holding Company Act of 1956 carefully weighs the anticompetitive effects of certain steps taken by bank holding companies and affords travel agents standing to protect themselves in the proceedings before the Federal Reserve Board in connection with efforts by bank holding companies to expand their operations.

In addition, the report of the committee accompanying H.R. 6778, states that this legislation is needed in order to preserve the basic separation of bank and bank related activities from other business activities. This separation has been accomplished by Congress in several pieces of legislation, dating back to the Glass-Steagall Act of 1933 and coming forward to the Bank Holding Company Act of 1956. A guiding principle of the Glass-Steagall Act was the separation of commercial banking from investment banking and divorce of the commercial banking business from the securities business.

Prior to 1962, the Federal Reserve Board administered and controlled the trust activities of commercial banks. In discharging this responsibility, the Federal Reserve Board consistently ruled that banks should not, and could not, operate collective investment funds through the device of pooling individual managing agency accounts. Thus, the Federal Reserve Board supported and implemented what the Board believed to be the congressional intent that commercial banks should not engage in the underwriting, sale, or distribution of shares in a mutual fund.

In 1962, the responsibility of the Federal Reserve Board for administering the trust activities of commercial banks was transferred to the Comptroller of the Currency. Very soon after assuming this responsibility, the Comptroller issued new regulations which purported to authorize commercial banks to market shares in collective investment funds, the bank equivalent of the mutual fund.

These regulations of the Comptroller were challenged in court and the Federal District Court for the District of Columbia decided that the Glass-Steagall Act prohibited commercial banks from engaging in this activity, and that the Comptroller had exceeded his authority in purporting to authorize commercial banks to operate these collective investment funds, that is, mutual funds. The district court's decision was appealed, and just a few months ago, the Court of Appeals for the District of Columbia reversed the lower court's decision, thus upsetting the general view that had prevailed for 30 years that the Glass-Steagall Act did not permit commercial bank entry into the mutual fund business. The Supreme Court is being asked to review the court of appeals decision, but, pending that review, the question of what Congress really meant with respect to whether commercial banks could or could not market mutual fund shares is left unresolved and in a state of confusion.

Clearly, this is a question of congressional policy and a question that Congress, and not the courts, should decide. The amendment which we have before us would help to resolve this confusion by stating clearly that no subsidiary of a bank holding company, whether that subsidiary be a bank itself or another company, may engage in the underwriting, sale, or distribution of shares in a mutual fund.

The majority of the committee that reported the bill have already voted to prohibit a nonbank subsidiary of a bank holding company from "engaging in the underwriting, public sale, or distribution of mutual funds"—section 4(c)(8)(b) of H.R. 6778 as reported by the committee. This amendment would make it clear that this House does not want a bank to undertake an activity which its parent bank holding company may not undertake through the guise of its separate nonbank subsidiary.

Mrs. SULLIVAN. Mr. Chairman, I rise to support the amendment of the gentleman from Georgia (Mr. BLACKBURN).

During our hearings, it seems to me, a convincing case was made to restrict the activities of bank holding companies in certain fields. This is necessary for three reasons. Small service businesses, such as travel agencies, insurance agencies, data processing companies, and equipment leasing companies, which must rely to a large extent on bank credit to compete and grow, should not be subjected to unfair competition from their major source of credit, the banks. Their argument that the very livelihood of hundreds of thousands of small businesses is at stake, is a valid one. This country should protect and foster the opportunities that small, independent, businesses offer the young, ambitious businessmen and women of this country. By permitting large bank-holding companies to dominate these fields by grabbing off the large very profitable customers, these kinds of companies as independent businesses will probably disappear.

As for bank holding companies providing professional accounting services, there is an additional risk to an independent profession which provides objective financial information for the benefit of the public, particularly the investing public. The question is, can a bank holding company subsidiary in the accounting field provide objective financial information if the holding company has a direct interest in the financial health of the same companies through loans, stock investments through the trust department, and other relationships?

The accounting profession should remain independent of all other businesses.

Finally, and perhaps most important of all, banks and insurance companies are the largest sources of credit to American business. The Blackburn amendment would prohibit the combination of commercial banks and insurance companies in order to preserve a large number of competing sources of credit. To fail to prohibit the combination of banks and insurance companies may invite an acceleration of the dangerous trend toward concentration of economic resources we have seen in this country over the last few years.

For the reasons I have stated above, I strongly support the Blackburn amendment.

Mr. PATMAN. Mr. Chairman, will the gentlewoman yield?

Mrs. SULLIVAN. I shall be happy to yield to the gentleman.

Mr. PATMAN. Mr. Chairman, I have asked the distinguished gentlewoman to yield to me at this time for the purpose of ascertaining whether or not we can agree upon some time limitation. We do not want to close off debate. We want every Member to have an opportunity to be heard. However, the major amendment in my opinion has been passed and I believe if we can have a reasonable amount of time we can get through with this bill at a reasonable hour this evening. The leadership is extremely anxious for us to finish it if at all possible.

Therefore, Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close not later than 4:20.

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

Mr. BROWN of Michigan. Mr. Chairman, I object.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close at 4:25.

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

There was no objection.

The CHAIRMAN. The Chair will list the names of those standing.

PARLIAMENTARY INQUIRY

Mr. BROWN of Michigan. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BROWN of Michigan. Mr. Chairman, as I understand it the time limitation is 25 minutes and there were only about six standing. However, the Chair has listed the names of about 10.

The CHAIRMAN. The gentleman from Michigan did not object to the unanimous-consent request and, therefore, the time limitation has been set at 4:25. The gentleman's name is on the list. There will be about 2 minutes allocated to each Member standing.

The Chair recognizes the gentleman from Pennsylvania (Mr. MOORHEAD).

Mr. MOORHEAD. Mr. Chairman, I rise in support of the Blackburn amendment and to make some comments on the remarks of my good friend, the gentleman from California (Mr. REES).

There was a question raised about whether leasing was permitted under the Blackburn amendment. I refer the gentleman to subsection 6 of the Blackburn amendment which specifically permits equipment leasing to be carried on by bank holding companies where it is primarily a financing device.

Another question which was raised was with reference to data processing, bookkeeping, payroll payments, and so forth. With reference to those items I call attention to the section of the Blackburn amendment which specifically permits the engagement in providing data processing services where it is consistent with banking services such as the preparation of payrolls and so forth.

So, we have specifically covered these objections which have been raised.

The gentleman from California (Mr. TUNNEY) asked why did we prohibit specific things in certain instances and not in others. The reason for that is that we felt that they were clearly not related to banks but were related to such operations as department stores, carpet factories and so forth which are prohibited because they are clearly not related to banking practices. But where banks have participated in institutions such as insurance companies, as underwriters of mutual funds and the like, or where there was question as to whether they were potentially related or not, this amendment would allow the Congress to decide whether or not they could operate specific types of activities and we should agree or disagree, yes or no. Also, where there are areas about which we are not sure, then we should leave it up to the Federal Reserve Board to make the determination. If a bank wants to get into the insurance business or travel agent business, then we should decide if they should do it or not. That is the purpose of the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. THOMPSON).

Mr. THOMPSON of Georgia. Mr. Chairman, I rise in support of the amendment. I believe that the gentleman from Pennsylvania (Mr. MOORHEAD), has just expressed my opinions. Certainly I was concerned when I heard the gentleman from California say that it would prohibit banks from engaging in leasing because I am very much aware of the fact that many banks use leasing as a means of financing customers' property. This amendment in no way prohibits that type of activity. It simply requires that if there is a lease it is a lease-purchase type of agreement. It is a means of financing the property. As far as the auditing services, the banks should not be in auditing, but for the banks to perform certain bookkeeping services I cannot see how the amendment would prohibit that.

It is certainly reasonable in all its aspects, and I support it and I urge the other Members to do likewise.

I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Florida (Mr. CHAPPELL).

Mr. CHAPPELL. Mr. Chairman, I rise in support of the amendment, and I call the attention of the Members to the fact that the so-called laundry list has to do with prohibiting specific areas about which we heard testimony in committee.

Mr. Chairman, it seems to me that the Congress of the United States has the responsibility of saying what banking business is, and what these one-bank holding companies can do. This so-called laundry list tests those areas where we have heard testimony, and where the small businessman is particularly vulnerable.

This I think is a proper list, and it is absolutely right that the banks should not be operating in these particular business areas. There may be other areas as time goes on where prohibition might be necessary, but certainly in these areas I believe the proposed prohibitions are necessary if we are going to protect the small businessmen.

Mr. Chairman, I say we have the responsibility of doing it here, and that we ought not to hand off our responsibilities in these areas to a Federal agency downtown. We owe it to the public we represent to make the decision here. I do not believe this is going to make for cumbersomeness insofar as the Congress or the agency involved is concerned.

Mr. Chairman, I urge the adoption of the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. BROWN).

Mr. BROWN of Michigan. Mr. Chairman, before we demagog this bill too much, and before we enjoy too much the rapture of political bliss that we are enjoying, I believe it is well for us to think, Mr. Chairman, upon what we have done and what we are doing.

First of all, we have adopted the amendment offered by the gentleman from Alabama (Mr. BEVILL) which will require the divestiture and destruction of many small one-bank holding companies which have satisfied the Congress on two previous occasions on the public benefit and economic good they contribute to their communities.

I would enjoy seeing the faces and looking at the faces of some of those who were smiling at the time of the adoption of the amendment offered by the gentleman from Alabama (Mr. BEVILL) when they are made to realize the harm they have done in attempting to prove that they are doing political good.

Second, some of the groups of prohibited activities incorporated in the pending amendment have been considered to be proper activities for multi-bank holding companies ever since the enactment of the Holding Company Act of 1956, and are clearly permitted activities of many banks which are not associated with holding companies.

So, in effect, in this legislation, you are saying the banks so associated with holding companies cannot do some things, but other banks that are not associated with holding companies can do those things, or vice versa.

Certainly this is a totally inequitable provision, and I believe that before we move further on this amendment and other amendments we ought to reflect upon the primary purpose of this legislation. Its primary purpose is to remove the "loophole" of permitting one-bank holding companies to be outside the purview of the 1956 act.

I would like to ask those who are supporting this amendment if they interpret their amendment to mean that the activities and the affiliations of multi-bank holding companies that have occurred up until this date and have been determined to be entirely proper are made illegal by their amendment—I think it means this.

Does this mean that any multi-bank holding company engaged in any of these activities must divorce itself from that activity and divest itself of that company?

I think this amendment goes far beyond the simple application its proponents have expressed here.

Some members may have derived some pleasure by referring to those of us who are attempting to pass responsible legis-

lation when they say: "You can see where the bank interests are."

But, I assure you that I have no interest in a bank and I am in no way associated with the banking community. But I can, also, assure you I at least have an interest in being a responsible legislator.

The CHAIRMAN. The Chair recognizes the gentleman from New Hampshire (Mr. CLEVELAND).

Mr. CLEVELAND. Mr. Chairman, I rise in support of the objectives of this amendment.

Mr. Chairman, I rise in support of the general objectives of the amendment offered by the gentleman from Georgia (Mr. BLACKBURN). I do so following substantially similar reasons which I stated in my support of the rollback amendments earlier this afternoon.

This amendment which would include prohibitions against the operation of travel agencies and the practices of the accounting profession by bank holding companies seems to me to be in line with the stated purposes of this legislation.

Although some of the objectives to this amendment appear to have merit, it is my conviction that this amendment will in no way curtail the banking business from utilizing to the fullest extent data processing equipment and from rendering to their customers full assistance in connection with financial and banking matters.

I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Hawaii (Mr. MATSUNAGA).

(By unanimous consent, Mr. PATMAN yielded his time to Mr. MATSUNAGA.)

Mr. MATSUNAGA. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Georgia (Mr. BLACKBURN).

The amendment before us would specifically exclude any bank holding company or its affiliated bank from engaging, interalia, in the travel agency business and from offering accounting services to the public. The travel agent and the public accountant, as small business entrepreneurs throughout the United States, are being threatened with extinction by the encroachment of large banking corporations upon their respective fields.

Although H.R. 6778 excludes bank holding companies from the insurance field, it at the same time authorizes the entry of any bank holding company into any business which the bank-oriented Federal Reserve Board considers "functionally related" to banking. The reported bill offers no guidelines for the determination of whether or not an activity is "functionally related" to banking. Federal Reserve Board approval for the acquisition of a subsidiary by a bank holding company could conceivably be granted for numerous types of business activities, most of which would be in areas of active small businesses.

Mr. Chairman, it is manifestly unfair and unreasonable to allow an ever-increasing number of these bank holding companies to encroach upon the fields of the travel agent and the public accountant. How can a travel agent, operating as a proprietorship or as a small firm, with limited assets, even begin to compete with a colossal national bank's travel department? The small businessman is unable to compete at the same level as banks which enjoy special advantages, some of which are offered by the Federal Government. More than one-half of the banks in the United States are chartered by the Federal Government. Almost every bank in the United States is insured by the Federal Deposit Insurance Corporation. Check clearances and interbanking relations are conducted under the auspices of the Federal Reserve Board. Indeed, how can the travel agent or the public accountant even begin to compete with bank corporations possessing such special advantages?

It should be pointed out too that when a bank prepares a tax return for a depositor it is not held to the same standard of responsbility as is a public accountant. Under Internal Revenue procedure 68–20, the bank is ineligible to represent the taxpayer in the event that his return is audited by the Internal Revenue Service. Surely, the public would be better served by independent accountants who may represent their clients in such a situation.

A bank has at its disposal extensive lists of clients for the purpose of soliciting business both for its travel department and its accounting department. Banks, with millions of dollars in assets behind them, can afford to take a loss in the performance of either of these services for the purpose of winning over more depositors. In truth, bank holding companies do not compete in these two fields; they present a real threat to the existence of thousands of small independent businessmen in the United States.

Mr. Chairman, there has been no clear demonstration of public need for banks to engage in these nonbanking functions. To permit them to do so would constitute an invitation for the banks to expand into other nonbanking areas. In the past, Congress has written laws specifically to protect small business from encroachment by business corporations of unequal size and unequal strength. In keeping with this historical American concept, let us protect the small travel agent and the public accountant from the banking Goliaths.

Mr. Chairman, I urge the adoption of the Blackburn amendment, to keep bankers in the banking business.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. BLACKBURN).

Mr. BLACKBURN. Mr. Chairman, I am going to take only a minute and a half, because I have had several Members ask me the question as to whether or not my amendment would apply to banks only, that is, a bank which is not operating as a part of a bank holding company.

Let me make sure that everyone understands that we are dealing today with legislation which only affects bank holding company operations, and I fear that perhaps those of us on the committee have made some assumptions which were not valid, and that is because we have been dealing with this question so long with respect to the bank holding companies, we think the phrase is understood by everyone in the Congress. Perhaps it is not.

This legislation applies only to those financial operations in which there is a parent company which owns a controlling interest in a bank, and this parent company also owns a controlling interest in other business activities. What we are directing our attention to today is the operation of those institutions in which a parent company owns a controlling interest in a banking institution.

The argument has been made that this legislation does not direct itself to banks only. Well, it does not, because that is not the business before the House today. But I think it is going to be significant in the eyes of the Federal Reserve Board and other regulating agencies what action this committee takes and what this House adopts today with respect to the over-all spectrum of banking regulation. I think the amendment that I have offered—and I repeat myself again—is a proper one. I think it is one within which the agency and the banking institutions themselves can easily adapt to the best interests of the banking institutions as well as the general public.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BLACKBURN. I am happy to yield to the gentleman from Michigan.

Mr. BROWN of Michigan. I would like to ask the gentleman a question about one of the several areas covered by his amendment. I noticed one of the prohibited activities would be the providing of auditing or other professional services in the field of accounting. Would the gentleman mind defining "or other professional services in the field of accounting" because even the National Association of Accountants cannot define that term.

Mr. BLACKBURN. It is like defining what is the practice of the law. We have seen bar associations argue that question vigorously many times among themselves as to what is the practice of the law. What I am saying is the Federal Reserve Board itself can take into account what is the judgment decision on the part of a professional accountant.

I am reminded of what the gentleman from Hawaii (Mr. MATSUNAGA) was telling us just now, and that is that a professional man operating alone is not in a position to compete with a financial institution, such as a bank, a big bank.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. ASHLEY).

Mr. ASHLEY. Mr. Chairman, I rise in opposition to the amendment. I do so because it seems to me the issue here is whether the Congress or the appropriate regulatory agency, namely, the Federal Reserve Board, shall define the business of banking. That is to say, those activities that are so closely related to banking as to be a proper incident thereto.

Mr. Chairman, the 1956 Holding Company Act, the multi-holding company act, vested this responsibility with the Federal Reserve Board, and in the 13 years that have intervened, the Federal Reserve Board has discharged its respon-

sibility. It has determined those activities so closely related to banking as to be a proper incident thereto, and based on those decisions, multi-bank holding companies have either been able to make acquisitions or they have not been able to do so.

Now we find ourselves saying, No, the Federal Reserve Board should not have this authority and responsibility. We should take this unto ourselves.

I say this, Mr. Chairman. Fine. Let us just do that. If we want to get into this business of defining an evolving industry, such as banking, we are going to be at this every third week of every month of every year into the foreseeable future. This is the reason, I submit, that the administration and the Federal Reserve and, yes, even our committee said that the Federal Reserve Board and not the Congress should exercise this kind of decisionmaking.

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

Mr. ASHLEY. I yield to the gentleman from Pennsylvania.

Mr. WILLIAMS. Mr. Chairman, will the gentleman please tell me what is going to happen to the small one-bank holding companies operating in small villages and towns and rural areas? They are one-bank holding companies, because they are operating, say, a lumber yard, or other service which the community would not have unless the bank was operating that service. What is going to happen in those areas if we pass this amendment prohibiting the banks from providing the accounting service or travel service?

Mr. ASHLEY. It is perfectly clear that the people in those population centers are going to be denied these services.

Mr. WILLIAMS. That is why I oppose this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia (Mr. BLACKBURN).

The question was taken; and on a division (demanded by Mr. STANTON) there were—ayes 50, noes 25.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. MOORHEAD

Mr. MOORHEAD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOORHEAD: Page 12, strike line 22 and all that follows through page 14, line 11, and insert in lieu thereof the following:

"(c) Section 4 of the Bank Holding Company Act of 1956 is amended as follows:

"(1) Section 4(c)(8) is amended to read:

"'(8) shares of any company all the activities which are or after its acquisition are to be authorized under subsection (e) of this section.'

"(2) Section 4 is amended by adding at the end thereof the following new subsection:

"'(e)(1) A bank holding company or any subsidiary thereof may carry on any activity of a financial or fiduciary nature if the Board finds, on the record after opportunity for hearing, that the carrying on of the activity in question by the applicant (in case of an order authorizing the activity on the part of a particular company) or by bank holding companies or their subsidiaries generally (in the case of a regulation authorizing the activity on the part of all companies similarly situated), under the limitations and conditions set forth in the order or regulation, will be functionally related to banking and can reasonably be expected to produce benefits to the public, such as greater convenience, increased competition, or gains in efficiency, that outweigh possible adverse effects such as undue concentration of resources, decreased or unfair competition, conflicts of interests, or unsound banking practices. In orders and regulations under this subsection, the Board may differentiate between activities commenced de novo and activities commenced by the acquisition, in whole or in part, of a going concern.

"'(2) In the event of the failure of the Board to act on any application for an order under this subsection within the 90 day period which begins on the date of submission to the Board of the complete record on that application, the application shall be deemed to have been granted.

"'(3) The Board shall include in its annual report to the Congress a description and a statement of the reasons for approval of each activity approved by it by order or by regulation under this subsection during the period covered by the report.'"

Mr. MOORHEAD (during the reading). Mr. Chairman, because the rest of this amendment is really repeating the language of the bill as reported, I ask unanimous consent that it be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MOORHEAD. Mr. Chairman, I will not take the 5 minutes, because this amendment which has just been read is really a technical amendment, which is intended to clarify certain matters left unclear in the abbreviated bill reported by the committee.

Fundamentally, the amendment does two things:

First. The 1956 Bank Holding Company Act limited the activities of holding companies to those activities which are of a "financial, fiduciary, or insurance nature." The amendment restores this time honored concept deleting, of course, in view of the Blackburn amendment, the word "insurance."

Second. The bill reported by the committee uses the words "benefits to the public" and "possible adverse effects" without giving any guidance to the Fed as to what Congress meant by these words. The amendment would adopt almost the exact language suggested to the committee by the Federal Reserve Board and would give to the Fed the legislative guidance requested by it.

Mr. Chairman, I urge the adoption of this technical, but nevertheless important amendment.

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

Mr. MOORHEAD. I yield to my distinguished chairman.

Mr. PATMAN. I thank the gentleman for yielding.

Mr. Chairman, this is one of the most important amendments before us today. I strongly support it.

The purpose of this amendment is to require the Federal Reserve Board to carefully scrutinize the activities of each bank holding company and its subsidiaries. An applicant to the Board under this section must meet all of the following tests. First, an activity must be of a financial or fiduciary nature. Second, it must be functionally related to banking. Even if it is determined that the activity meets these requirements, the Board still must find, after a detailed and careful review, that the benefits to be derived by the public from the holding company or subsidiary engaging in a particular activity clearly outweigh the possible adverse effects of their engaging in activity. In determining if benefits will be produced to the public, the Board will, among other factors, have to determine whether there is a need for the bank holding company or subsidiary to offer the service in the market to be served or whether the service is already adequately available from other sources in the area. Increased competition and gains in efficiency are other important benefits the Board must find likely to develop from its action.

In ascertaining possible adverse effects, the Board must look at the overall economic power of the bank holding company or subsidiary in the market it serves. The Board must also consider whether the proposed activity would tend to decrease overall competition. The Board must also consider whether the lending of funds by a bank holding company subsidiary is or is likely to be explicitly or implicitly couples with the requirement that the borrower do business with another subsidiary of the company, or if there is substantial likelihood that borrowers and potential borrowers would direct their business to such subsidiary in order to curry favor with the lender. Such tie-ins or tendencies toward tie-ins would give unfair competitive advantages to the holding company over competitors. The Board would also have to consider whether the control of nonbanking activities by the bank holding company would place it or its subsidiaries directly or indirectly in competition with those that are normally its customers so as to present a serious potential for conflicts of interest.

Under these standards, the Board must retain a strict control over the activities of bank holding companies and their subsidiaries and would preclude those activities which are not clearly permitted. However, there would be some flexibility where there is a demonstrated public need for the bank holding company or subsidiary engaging in certain activities, provided that they are of a financial or fiduciary nature and functionally related to banking. In this way, the Board may permit bank holding companies in small communities to engage in activities where those services are not available or adequately provided for by alternative sources.

Further, the new section 4(e)(1), by specifically including the competitive factors for Board consideration, is intended to provide any competitor likely to be affected by the bank holding company or its subsidiary engaging in a particular activity, including an activity precluded by section 4(f), to have standing in any Board proceeding to raise the question of the propriety of the bank holding company's or subsidiary's proposed activities. It would also permit challenge of an unfavorable Board order in court. The full protection of the Ad-

ministrative Procedures Act would be available. This is the only fair way of providing for all concerned to be heard, and of insuring the enforcement of this type of legislation.

Mr. STANTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I enjoy working with my friend from Pennsylvania, but I have to say to him at this time that this is more than just a technical amendment. The gentleman has offered an amendment here, really, which, I am sure, he would agree with me, came from the gentleman who is the assistant to the board of the Federal Reserve Board, Mr. Carden. On May 13, 1969, Mr. Carden wrote to Mr. Gelman proposing such an amendment as the gentleman offered here. However, I say to the gentleman in all honesty we looked at this amendment in H.R. 12130 and, to be honest with you, we checked because, of course, this contained a laundry list of permissive activities by the Federal Reserve Board which, at that time, included travel agencies, and so forth. However, when you take it out of context, it is something else.

For the benefit of the Members of the House, I want to read what the gentleman's amendment says. The gentleman, in his amendment, adds on in addition to our bill. We stop with "produce benefits to the public." His amendment adds "as greater convenience, increased competition, or gains in efficiency," and so forth.

I ask the gentleman a couple of simple questions. First of all, if you have gains in efficiency, are you going to grant a business of this bank if, for one thing, it promotes concentration of power?

Mr. MOORHEAD. If the gentleman will yield, these are the two things we directed the Board to do away with. If they come out saying that the public is better off doing these things, then the scales are tipped the other way. The language, I assure the gentleman, is that which is in the hearings submitted by Mr. Martin, Chairman of the Federal Reserve Board.

Mr. STANTON. As I say, if the gentleman will agree, it is identical language. Then I ask the gentleman again, with respect to the same plan, first of all, you have increased competition. Are you going to grant it despite the fact that you have a conflict of interest? You go right down the line with "undue competition and unsound banking practices," and so forth. I say to the gentleman that it is not sound.

Mr. MOORHEAD. If it is a minor conflict of interest and a major gain in competition, you come out with one situation. If it is a drastically serious conflict of interest, it would come out the other way. You are trying to give the Board here exactly what they asked for.

Mr. STANTON. I say in all sincerity to the gentleman—and I hope the committee will take it into consideration in voting against this amendment—that if you have a laundry list of desirable activities, that is one thing, but without that it is unnecessary language, I believe, and I ask the House to vote against this amendment.

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

Mr. STANTON. I am happy to yield to the gentleman.

Mr. CELLER. I listened with grave interest to the recital of this matter, and I wonder whether or not it is not an antitrust proposal and whether or not it does not poach upon the jurisdiction of the House Committee on the Judiciary. I could not hear all of the language because of the noise in the Chamber, but I did hear phrases involving anticompetitive effects and anticompetition and words of that nature, which are words that we find in all of the verbiage of the antitrust laws. And I take it that the provision of this amendment is to prevent undue competition and to prevent the ravaging by holding companies of smaller outfits.

For that reason I do hope that this amendment will be defeated. It is a very intricate amendment. It is very involved and very difficult to comprehend as one listens for the first time to its language as was recited here on the floor. It is very broad. I take it that it ties almost completely the hands of the Federal Reserve Board.

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

Mr. CELLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, this amendment, if adopted, would take away from the Federal Reserve Board almost all of its discretion and would really negate the efficiency of the Board. So it really is an antitrust proposal.

I wonder whether or not the author would be willing to respond to that statement?

Mr. MOORHEAD. Mr. Chairman will the gentleman yield?

Mr. CELLER. Yes, I yield to the gentleman from Pennsylvania.

Mr. MOORHEAD. Of course, I had no intention of trespassing upon the jurisdiction of the committee which the distinguished gentleman from New York (Mr. CELLER) so ably chairs. I would say to the gentleman that these amendments are amendments to the Bank Holding Company Act. The entire matter of the antitrust provisions are contained in section 11 of that act which are not affected by this amendment. In other words, the whole matter of antitrust is clearly spelled out right in section 11 which provides that no part of this section should be interpreted as repealing or affecting any antitrust laws.

Mr. CELLER. It strikes me, however, that this amendment negates that allegation. We members of the Judiciary Committee are now engaged in an inquiry, wide and deep, concerning companies and concerning acquisitions, concerning large entities, not only concerning banks, but concerning nonbanking operations as well. We have embarked upon an inquiry that goes into what is known as so-called conglomerate corporations, and so forth. We have been engaged for the last 2 months on that score and we are in the process of formulating amendments to the antitrust laws that would involve the very anticompetitive actions that are embraced within this amendment. For that reason I do not think it would be well to pass this amendment without most mature reflection. It is a matter that I think should be left to the Judiciary Committee despite the fact that this amendment is to a bill which primarily concerns banks. The Judiciary Committee in its jurisdiction is not limited to nonbanks. We cover, in common parlance, the waterfront. We cover banks and nonbanks, financial operations and nonfinancial operations, insurance companies and noninsurance companies, those who are in a fiduciary capacity to their stockholders and their agents and those who are not.

Again, I do hope for those reasons that this amendment will not carry. In light of this amendment I would say to the distinguished gentleman from Pennsylvania, the author thereof, that the Judiciary Committee will focus particular attention upon bank holding companies and their operations in order to see whether or not they are competitive, whether they violate the antitrust laws and are a detriment to the weal and the welfare of the country.

Mr. MOORHEAD. Mr. Chairman, I want to be sure the distinguished chairman understands that if my amendment is defeated there will still be language in which antitrust is involved, only the damage or the danger will be that it is too vague.

In other words, if the amendment is defeated the Board is still directed to determine whether the acquisition would produce benefits to the public that outweigh possible adverse effects.

The legislative history would indicate that one of the things would be competition, whether we say it or not. But I believe it is more restrictive and more in keeping with the policy of the gentleman's committee if the amendment is adopted.

Mr. CELLER. I believe you are setting up another entity in addition to the Department of Justice to get after these and prosecute those who may be setting up monopolies——

The CHAIRMAN. The time of the gentleman from New York has expired.

(On request of Mr. MOORHEAD, and by unanimous consent, Mr. CELLER was allowed to proceed for 2 additional minutes.)

Mr. MOORHEAD. Mr. Chairman, I merely want to say to the distinguished chairman that this exists, if it is bad it exists under the bill as reported by the committee, and my amendment would merely clarify and give congressional direction to the Federal Reserve.

Therefore, Mr. Chairman, I think that the gentleman would, if he would read this language, find that it actually helps the policy that both the gentleman from New York and I would follow, and I would hope that the gentleman would withdraw his opposition.

Mr. CELLER. I would respectfully have to disagree with the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. MOORHEAD).

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 31, noes 28.

So the amendment was agreed to.

AMENDMENT OFFERRED BY MR. ASHLEY

Mr. ASHLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHLEY: Page 12, strike lines 18 through 21 and insert in lieu thereof the following:

"(b) Section 2(a) of the Bank Holding Company Act of 1956 is amended to read as follows:

"'SEC. 2. (a) (1) Except as provided in paragraph (5) of this subsection, "bank holding company" means any company that has control over any bank or over any company that is or becomes a bank holding company by virtue of this Act.

"'(2) Any given person has control.

"'(A) over any company which is a corporation if the person directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, has power to vote 25 percent or more of any class of voting securities of that corporation.

"'(B) over any company which is a corporation or trust if the person controls in any manner the election of a majority of its directors or trustees.

"'(C) over any company if the Board determines, after notice and opportunity for hearing, that the person directly or indirectly exercises a controlling influence over the management or policies of that company.

"'For the purposes of any proceeding under paragraph (2)(C) of this subsection, there is a presumption that any person who directly and indirectly holds with power to vote less than 5 percent of any class of voting securities of a given corporation does not have control of that corporation.

"'(4) In any administrative or judicial proceeding under this Act, other than a proceeding under paragraph (2)(C) of this subsection, a person may not be held to have had control of any given corporation at any given time unless that person, at the time in question, directly and indirectly held with power to vote 5 percent or more of any class of voting securities of the corporation, or had already been found to have control in a proceeding under paragraph (2)(C).

"'(5) No company is a bank holding company by virtue of

"'(A) its ownership or control of shares acquired by it in connection with its underwriting of securities if the shares are held only for such period of time as will permit the sale thereof on a reasonable basis.

"'(B) its control of voting rights of shares acquired in the course of a proxy solicitation if the company was formed for the sole purpose of participating in that solicitation.

"'(C) its ownership or control of shares acquired in securing or collecting a debt previously contracted in good faith, until two years after the date of acquisition.

"'(D) its ownership or control of any State chartered bank or trust company which is wholly owned by thrift institutions and which restricts itself to the acceptance of deposits from thrift institutions, deposits arising out of the corporate business of its owners, and deposits of public moneys.

"'(E) its ownership or control, if the Board by regulation or order so provides and subject to such conditions as the Board may prescribe, of

"'(i) any bank organized under the laws of a foreign country the greater part of whose business is conducted outside the United States, or

"'(ii) any bank operated within the United States principally for the purpose of conducting or facilitating transactions in foreign commerce

if the Board determines that the resulting exemption would not be substantially at variance with the purposes of this Act and would be in the public interest by directly or indirectly facilitating the foreign commerce of the United States.

"'(6) For the purposes of this Act, any successor to a bank holding company shall be deemed to be a bank holding company from the date on which the predecessor company became a bank holding company.'

"(c) Section 4(c) of the Bank Holding Company Act of 1956 is amended by adding at the end thereof the following new paragraph:

"'(12) shares held or activities conducted by any company organized under the laws of a foreign country the greater part of whose business is conducted outside the United States, if the Board by regulation or order determines that, under the circumstances and subject to the conditions set forth in the regulation or order, the exemption would not be substantially at variance with the purposes of this Act and would be in the public interest by directly or indirectly facilitating the foreign commerce of the United States.'"

Mr. ASHLEY. Mr. Chairman, this amendment is concerned with the criteria for determining whether or not a company is a bank holding company for purposes of the 1956 act, as amended. The bill before us, H.R. 6778, defines a bank holding company as any company that directly or indirectly owns or controls 25 percent or more of the voting shares of any bank or company that becomes a bank holding company or controls the majority election of the directors of any bank.

Testimony before our committee indicated that in some instances companies might seek to avoid coverage of the act by keeping their stock ownership at less than 25 percent. My amendment simply modifies H.R. 6778 by providing that actual control of any bank, even at less than 25 percent, is sufficient to require the controlling company to register as a bank holding company.

The determination as to whether there is direct or indirect control of the management or policies of a company would rest with the Federal Reserve Board, after notice and opportunity for hearing.

Second, Mr. Chairman, my amendment makes it clear, subject to action by the Federal Reserve Board, that no foreign institution will be a bank holding company by virtue of its ownership or control of any bank the greater part of whose business is conducted outside the United States. The criteria which the Federal Reserve Board would apply in determining exempt status are such that exemption would not be substantially at variance with the purposes of the act and would be in the public interest by facilitating the foreign commerce of the United States.

In addition to banks organized under the laws of a foreign country, my amendment would also expressly exempt American institutions which are principally engaged in the banking business outside the United States but which conduct activities in this country that are merely incidental to their foreign and international activities. For example, American Express Co. operates a wholly owned Connecticut subsidiary that is primarily engaged in the banking business abroad through branches in 17 foreign countries and that is legally prohibitied from conducting a general commercial banking business here. It does, however, maintain its headquarters and operates an agency office in New York for the principal purpose of servicing its extraterritorial activities. My amendment would provide that the incidental banking activities of such corporations conducted in this country would not make them holding companies under the act.

Mr. Chairman, all three facets of this amendment have the blessing of the Treasury Department and the Federal Reserve Board. There was virtual committee unanimity with respect to each and they would have been included in the bill before us except for a parliamentary situation that prevented amendments being offered.

Under the circumstances, Mr. Chairman, I would hope that this amendment would be overwhelmingly approved.

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

Mr. ASHLEY. I yield to the gentleman.

Mr. STANTON. Mr. Chairman, the gentleman has distributed copies of his amendment on this side of the aisle and we have no objection to the amendment.

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

Mr. ASHLEY. I yield to the gentleman.

Mr. PATMAN. Mr. Chairman, we are willing to accept the gentleman's amendment on this side.

The amendment offered by the gentleman from Ohio touches on two problems: First, providing an adequate definition of control for purposes of regulating bank holding companies, and second, permitting the Federal Reserve Board to exempt from regulation certain companies largely engaged in banking and other businesses outside the United States.

I support the amendment principally because it plugs a very serious loophole in existing law not dealt with in the bill before us.

Both H.R. 6778, as originally introduced, and H.R. 9385, the administration bill, which was endorsed by the Treasury Department, the Justice Department, and the Federal Reserve Board, would have amended existing law to more realistically define what constitutes control of a banking corporation. Present law defines control as existing when a company controls 25 percent or more of the stock of a bank. It is well known that any large corporation can be controlled with substantially less than 25 percent of its stock. This fact was supported in testimony before your committee on H.R. 6778 and was not challenged by any witness, even those representing the banking industry.

The amendments to the Bank Holding Company Act supported by the administration would have found that control existed when a company had the power to direct the management and policies of a bank. Unfortunately, H.R. 6778, as amended and reported by your committee, does not change present law and, thus, would permit a company to control any number of banks with just under 25 percent of the stock of each bank and still remain completely unregulated as to its nonbanking activities. Failure to amend the Bank Holding Company Act in this regard could have seri-

ous adverse effects in effectively administering the Bank Holding Company Act.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. ASHLEY).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. WYLIE

Mr. WYLIE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WYLIE: Page 12, immediately after line 21, insert the following:

"(c) Section 2(b) of the Bank Holding Company Act of 1956 is amended (A) by inserting 'partnership,' immediately after 'corporation,', (B) by striking '(1)', and (C) by striking ', or (2) any partnership'."

And redesignate the succeeding subsections accordingly.

POINT OF ORDER

Mr. REES. Mr. Chairman, I rise to a point of order against the amendment.

The CHAIRMAN. The gentleman from California will state the point of order.

Mr. REES. Mr. Chairman, the amendment is out of order as it is not germane to the bill now before us. The bill before us is in the form of one committee amendment. The committee amendment deals with section 2(a) of the Bank Holding Company Act. It then on line 22 proceeds to jump to section 4(c) of the Bank Holding Act. The amendment offered by the gentleman from Ohio goes to 2(b) and there is no mention in the bill before us of section 2(b) of the Bank Holding Company Act.

The CHAIRMAN. Does the gentleman from Ohio (Mr. WYLIE) desire to be heard on the point of order?

Mr. WYLIE. I do, Mr. Chairman.

The CHAIRMAN. The gentleman will be heard.

Mr. WYLIE. Mr. Chairman, the principle is well established that in passing on the germaneness of an amendment, the Chair considers the relationship of the amendment to the bill as modified by the Committee of the Whole at the time the amendment is offered, and not as originally referred to the committee—Cannon's Procedure, page 200.

Mr. Chairman, in the light of this principle, the attention of the Chair is respectfully directed to the present status of the committee amendment, which under the rule is considered as an original bill for the purpose of amendment. The Committee of the Whole has adopted, among others, the Ashley amendment, which completely rewrites the definition of "bank holding company" in the Bank Holding Company Act.

It is obvious that the legal significance of the definition of "bank holding company" depends in turn on the definition of "company." It is equally obvious that a change in the definition of "company" will, to that extent, modify the definition of "bank holding company."

My amendment, Mr. Chairman, amends the definition of "company" so as to include partnerships. I think it is clear, Mr. Chairman, that my amendment thereby modifies the definition of "bank holding company"—indeed, Mr. Chairman, this is its principal purpose. By adopting the Ashley amendment, the Committee of the Whole necessarily made in order any amendment proposing a germane modification of the bill as so amended, in accord with the principle which I stated at the beginning of my remarks. Since my amendment very clearly proposes a germane modification of the bill as now before the Committee of the Whole, the point of order should be overruled.

The CHAIRMAN. For what purpose does the gentleman from Michigan rise?

Mr. BROWN of Michigan. Mr. Chairman, I was seeking to make the same point of order, and I would like to be heard.

The CHAIRMAN. The gentleman will be heard.

Mr. BROWN of Michigan. Mr. Chairman, the fact that a point of order was not raised with respect to the Ashley amendment has no bearing on the determination of the point of order which is presently being raised.

Furthermore, the control factor which occurs on the Ashley amendment by this occurs on 2(a) rather than 2(b), where the percentage involved is in a different subsection of the bill.

Furthermore, at the time the rule was granted on this bill the question was raised as to whether or not a point of order would be waived with respect to this very question. The point of order was not waived by the Rules Committee.

The CHAIRMAN (Mr. HOLIFIELD). The Chair is prepared to rule. The fact that there was no point of order raised to the Ashley amendment allowed the Ashley amendment to be considered and adopted by the committee and that changed the tenor of the bill to the extent that the language therein be changed, and the committee amendment now under consideration amends sections 2(a) and 4(c) of the act. These two sections, and the amendment proposed to them, are unrelated. The committee report on the pending bill discloses that the committee amendment does two things: Subjects single bank holding companies to the 1956 act and changes the existing law with respect to what particular nonbanking activities are prohibited to them.

It is a well-established principle of the germaneness rule that where a bill amends existing law in two or more unrelated respects, other amendments to that law may be germane.

With this principle and the provisions of the bill before him in mind, the Chair turns to the amendment offered by the gentleman from Ohio.

Section 2(a) of the Bank Holding Company Act defines what is meant by the term "bank holding company." The committee amendment in the nature of a substitute for the introduced bill amends that term to include single as well as multiple bank holding companies.

Section 2(b) of existing law, in turn, defines the word "company" as it is used in the term "bank holding company" and elsewhere in the act. It is clear that under existing law, the word "company" does not include a partnership. The amendment offered by the gentleman from Ohio proposes to amend section 2(b) of the act to redefine the word "company" to include partnerships.

Since the committee amendment amends two provisions of existing law and opened up for consideration the meaning of the term "bank holding company," it seems to the Chair that words within or dependent upon that term, even if defined elsewhere in the act, are also subject to interpretation and definition.

The Chair holds the amendment germane and overrules the point of order.

Mr. WYLIE. I thank the Chairman.

Mr. Chairman, I rise in support of my amendment which would include partnerships in the definition of a bank holding company. I think we would be naive to assume that parties interested in bank holding company conglomerates will not seize on this exemption to continue their activities. In fact, this device is already being used to circumvent the act by a series of partnerships known as the Parsons Group. This loose organization of limited partnership already controls 16 banks in Michigan, incidentally, one bank in Washington, D.C., Colorado, and two banks in Switzerland, and recently acquired between 33 percent and 42 percent of the outstanding stock of the Union Commerce Bank in Cleveland, Ohio. Mr. Parsons' interests include such nonbanking related ventures as a professional ice hockey team.

Partnerships, especially limited partnerships, when properly organized [illegible] on many of the aspects of the corporate entity such as some insulation from personal liability.

Again, the administration bill recommended that partnerships be included in the act's definition of the word "company." The members of the Federal Reserve Board issued a statement which they said:

In view of the recent use of the partnership form to bring several banks in Michigan and one in the District of Columbia under common control, the definition of company should be extended to cover partnerships.

I feel that if we do not include partnerships, we have invited a rush to the loophole it thus left and that we would be back here in 2 or 3 years going through this same exercise.

I urge adoption of my amendment which would include partnerships in the definition of a bank holding company.

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

Mr. WYLIE. I yield to the chairman of the committee, the gentleman from Texas (Mr. PATMAN).

Mr. PATMAN. Mr. Chairman, I strongly endorse the amendment offered by the gentleman.

Both H.R. 6778, as originally introduced, and H.R. 9385, the bill supported by the administration, remove the exemption in present law for banks controlled by partnerships. H.R. 6778 as amended and reported by your committee, however, leaves totally intact this exemption.

This is a serious loophole in the law, particularly since limited partnerships as well as general partnerships, are exempted from regulation by the Bank Holding Company Act. The limited partnership is very similar to the corporate form. By continuing to exempt all partnerships from regulation under the Bank Holding Company Act, another extremely serious defect in the coverage

of the law exists which could be used to completely avoid the intent of Congress in regulating bank holding companies. One large chain of banks already exists through control by partnerships. Under the version of H.R. 6778 reported by your committee, partnerships controlling banks could engage in any nonbanking activities that they wished, along with operating their banking businesses in complete disregard of the purpose of the act.

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

Mr. WYLIE. I yield to the gentleman from Ohio.

Mr. STANTON. Mr. Chairman, I have a letter from the Department of Commerce in the State of Ohio, the director of banks. The gentleman mentioned some group in Michigan had gone into Ohio. According to this, from the director of banks, it seems one-third of the States in the Union have legislation now against partnerships and the Ohio Legislature was considering it at the time. If Ohio adopts such a measure, then we will not need in Ohio this measure.

Mr. WYLIE. Is that from Mr. Robert Edwards, the State superintendent of banks?

Mr. STANTON. Yes.

Mr. WYLIE. He said he favored Federal legislation, in view of the fact that there was not any partnership law in Ohio now—in a letter to me.

Mr. STANTON. The point I am asking is, if we pass such a bill, why should the Ohio Legislature act on this?

Mr. WYLIE. I cannot answer that. The point I am making is that in the definition of the one-bank holding company, we have talked about one-bank holding company corporations, but we have left one obvious loophole in the form of a partnership arrangement, it seems to me. I will give one example where in the State of Michigan activities which would have been prevented by corporations under the law as we are now amending it would be permitted by a partnership and a group did exactly what we are asking this Congress to prohibit under this one-bank holding company legislation.

Mr. STANTON. If the gentleman will yield further, I will say to him quickly that he spoke about the State of Michigan group in Ohio. Does the gentleman know of any other groups in the United States where this happens?

Mr. WYLIE. No, and I do not think it is important.

Mr. STANTON. It is important. If there are other cases, we should take care of it, but if this is special interest legislation, the States of Michigan and Ohio ought to take care of it.

Mr. WYLIE. It would apply uniformly to all 50 States, of course. What I am saying is if we close the loophole with respect to the one-bank holding companies, then what is to prevent these same interests from forming into a limited partnership or a general partnership and doing the same thing?

Nothing in the present law would prevent it. I refer to the statement from Mr. William McChesney Martin in which he said the Federal Reserve Board by unanimous vote suggested that this loophole should be closed.

SUBSTITUTE AMENDMENT OFFERED BY MR. REES FOR THE AMENDMENT OFFERED BY MR. WYLIE

Mr. REES. Mr. Chairman, I offer a substitute amendment for the amendment offered by the gentleman from Ohio (Mr. WYLIE).

The Clerk read as follows:

Substitute amendment offered by Mr. REES for the amendment offered by Mr. WYLIE: Section 2(b) is amended (1) by inserting "limited partnership in which the value of the interests of the general partners is less than 25 percent of the value of the interests of all the partners," immediately after "means any corporation," and (2) by inserting "in which the value of the interests of the general partners is 25 percent or more of the value of the interests of all the partners" immediately after "any partnership."

Mr. REES. Mr. Chairman, what this language is is the language that received preliminary adoption in the Banking and Currency Committee and was put into what we call the Moorhead bill. Then the Moorhead bill was substituted for by the bill now before us.

This was a partial agreement to take care of the problems of a partnership and whether they should be deemed a one-bank holding company.

The purpose of this amendment is to define what a partnership is. What this amendment says is that a general partnership would be included under the definition of a one-bank holding company, but a limited partnership where the general partner—the general partner is the person who has the liability—has more than 25 percent would be exempted because of the liability factor of the general partner.

The entire situation came up with one banking group in Michigan, the Parsons group, which in its expansion went out and purchased control through the limited partnership arrangement of smaller banks in the State of Michigan. In the process, from what I have seen of their banking operations, they developed a very progressive and a very competitive banking operation and they were able to provide better service for the people in that State.

There is only one company I know now that uses the vehicle of a limited partnership.

There is nothing in the operation of this group that has been considered operating outside the framework of Federal banking agency regulations. They are a series of banking partnerships. I believe they are exercising good judgment in the development of their banking operations.

It is wrong for this House to outlaw a function of banking without any evidence of wrongdoing.

We did not find anything in the testimony before the Banking and Currency Committee to say that this type of project partnership is adverse to the banking industry.

What this amendment does is to clarify it, so that the partnership exemption does not become a huge loophole one could drive a truck through. I believe this substitute amendment tightens the loophole. This is why I offer it.

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

Mr. REES. I yield to the gentleman from Ohio.

Mr. STANTON. I realize the gentleman has gotten into a very technical field which many Members of the House cannot follow, with respect to general partnerships and limited partnerships, exceptions, and individuals, and so forth. I would like to say that I support the gentleman's amendment. It was originally discussed in the committee, and I rise in support of it.

Mr. REES. I thank the gentleman.

Mr. BROWN of Michigan. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I commend the gentleman from California for his amendment to the amendment offered by the gentleman from Ohio. Certainly the legislation we have before us is not aimed at individuals or partnerships. The legislation we have before us is to control the operation of holding companies, especially those that own one bank rather than two or more banks, to which the 1956 legislation applied. When we talk about partnerships we are talking about individuals. Partnerships do not lend themselves to the technique of pyramiding of control.

A corporation may own a part of another corporation which in turn could own part of another corporation until it is possible for the same single corporation at the top of the pyramid to control vast resources. Partnerships cannot be pyramided. They consist of individuals. The corporate managers control the proxy machinery and thereby control the corporation. It is not so in a partnership. A partnership does not have continuous life or continuity of interest. A partnership is terminated by the death of any of its members. In the case of a limited partnership, any general partner may dissolve the partnership at will.

The amendment that the gentleman from California has offered basically recognizes the difference between a general partnership and a limited partnership, as defined in the amendment. To the extent that a partnership reflects all of the indicia of a natural person, then that partnership should have all of the advantages and privileges and freedoms that the individual has. I do not think anyone here would want to pass legislation that says that an individual may possess or own assets only under the restrictive language of the present law. And, if legislation of this kind it is not justified for an individual, then it is certainly not justified for a partnership, because a partnership is merely two natural persons, shall we say, functioning as a natural entity. As such it does not have the privileges, prerogatives, rights, limited liability, and so forth, that a corporation has. Certainly, if anything is to be done in the partnership area as far as eliminating the partnership exemption, it should be done under the language suggested by the gentleman from California (Mr. REES).

Mr. Chairman, I urge that his amendment be adopted.

Mr. BLACKBURN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wonder if the gentleman from California (Mr. REES) would answer a question. I am not sure I un-

derstand what percentage the single partner, a general partner, would own under your amendment.

Mr. REES. If the gentleman will yield, under this amendment a general partner would have to own over 25 percent of that limited partnership.

Mr. BLACKBURN. After the acquisition of other assets at any one time?

Mr. REES. At any one time in that specific partnership. We are talking about a series of partnerships. Each acquisition is a new limited partnership.

Mr. BLACKBURN. But you would have to maintain at least one general partner to own at least 25 percent of the partnership?

Mr. REES. Yes.

Mr. BLACKBURN. Would this have the effect of keeping one individual from being able to get too large an aggregation of investments in banks and other activities?

Mr. REES. I think this would limit it. It would effectively limit the general partner as to how many banks he might go into.

Mr. BLACKBURN. The reason I ask the question is because I, frankly, support the amendment which has been offered by the gentleman from Ohio (Mr. WYLIE), and to the extent that your amendment might help facilitate the passage of the Wylie amendment, I would want to accept it. However, I want to be sure I understand it.

In other words, under your amendment you are assuming that no individual is going to have so much money that he could control the destiny of our economy by buying up too many banking activities?

Mr. REES. First, a person would not have the assets to go in and buy a series of large banks or even a very large series of small banks.

Second, as a general partner, he is personally liable to a greater extent than an individual, for example, who is a stockholder in a one-bank holding corporation. He is personally liable as a general partner of the misdeeds of the bank. There is even more incentive placed upon this general partner to make sure that that bank is run in a proper manner.

Mr. BLACKBURN. Let me say that I do support the gentleman's amendment. However, I do confess that I do so with some reservation but because of the fact that a single individual may have a responsibility of 25 percent possible personal loss may give me some comfort. At the same time overly ambitious individuals would not mind over extending themselves. I hope the gentleman has given this some thought prior to the offering of his amendment.

Mr. REES. All of these acquisitions have to be approved by the Federal agencies.

Mr. BLACKBURN. The Federeal Reserve Board?

Mr. REES. These acquisitions and the leverage the purchase would exercise would come under the scrutiny of the Federal Reserve Board.

Mr. BLACKBURN. Mr. Chairman, I yield back the balance of my time.

Mr. WYLIE. Mr. Chairman, I move to strike the requisite number of words.

Would the gentleman from California (Mr. REES) respond to another question?

Mr. REES. Yes.

Mr. WYLIE. Would your amendment allow a general partnership to organize a conglomerate, for instance, through a one-bank operation and be excluded from the provisions of the One Bank Holding Company Act?

Mr. REES. I do not see that effect. Here it is determined that if they own over 25 percent as a general partner, I do not see that operating as a huge conglomerate. I understand the gentleman has several other assets not related to banking, but a hockey team for example. However, it would be very difficult to build this into a huge conglomerate because the general partner does not have the protection that a corporation or say a corporate stockholder would have. As a general partner he is personally liable as that general partner.

Mr. WYLIE. I understand that a general partner is personally liable, but that has not been the fact which has prevented some individuals from engaging in financial enterprises, later causing them to go into bankruptcy or causing other persons to go into bankruptcy with them.

The point I am making here is I want to be sure that we do not provide another possibility for wealthy people to go into the conglomerate business so to speak, through a partnership and from a bank manufacture their own money for other activities beyond their banking business, and again allow for banking conglomerates to form under a general partnership.

The gentleman from California does not believe that that would happen? The gentleman feels that his amendment is such that that type of operation would be prevented?

Mr. REES. I do not foresee it. One of the reasons we put the percentage of ownership of the general partner up to 25 percent is because that is a very substantial amount of ownership. There is also, again, as I mentioned before a liability of the general partnership. I think if they were going into a larger conglomerate there would be other ways to do it.

I would also like to point out that we have the regulations of three different Federal agencies and I think they would look into the original purchase of the bank and also what the practices of the bank might be with relationship to other subsidiaries.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WYLIE. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. Mr. Chairman, I would suggest this: that when the gentleman asks the question whether or not this will stop a wealthy person from doing this, that or another thing, that we are going into the ridiculous. Any wealthy person can do that, he does not have to go through a partnership, a wealthy person can acquire any kind of property that is big enough to become a conglomerate, and this bill will not touch him at all; there is no legislation that will touch him, because by legislation we still belong to a system where a natural person can acquire pretty much what he wants to, and what activities he wants to, so long as he does not violate the antitrust, anticompetitive or restraint of trade laws.

I do not believe this House wants to get to the point where it is saying to each individual we are going to determine in what you may invest your money, and if you have 25 percent of your money in a bank, or you have a 25-percent ownership of a bank, you therefore cannot get into activities that are not congeneric or that are not bank-related, and that you cannot invest in a manufacturing company, or anything else.

If we continue this present process on the floor that we are today we are going to make a complete jumble of what has been a fairly legitimate and approved system for generations.

Mr. WYLIE. My amendment does not do what the gentleman from Michigan suggests it will; it does not apply to individuals in any respect, it applies only to a partnership, and it would especially apply, I would suggest, in the case of a limited partnership, but for practical purposes there are ways by which an individual can be insulated from personal liability through a partnership. I believe that the partnership amendment which I have offered should be adopted for this reason.

I am not suggesting that certain wealthy individuals should not be allowed to invest in whatever they want to invest, but I do not believe they should be allowed to form into a partnership or limited partnership, which in many respects can have some of the characteristics of a corporation, and for practical purposes be insulated from personal liability.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

(On request of Mr. BROWN of Michigan, and by unanimous consent, Mr. WYLIE was allowed to proceed for 1 additional minute.)

Mr. WYLIE. I would therefore suggest that since we did not hear the amendment offered by the gentleman from California (Mr. REES) in committee, or hear the arguments in favor of it, and because it is a very complicated amendment, that I would have to oppose it and suggest that my amendment be adopted, because it is a simple amendment, it merely brings the word "partnership" into the definition of the bank holding company law, and there can be no doubt as to what the bank holding company law means.

Mr. BROWN of Michigan. If the gentleman will yield further, much to the contrary, the gentleman's amendment removes partnership as an exception from the bank holding company definition. And if the gentleman would tell me if his amendment is adopted who is exempted from the coverage of the bank holding company legislation other than the natural person. I would love to hear it, because by eliminating the partnership exemption this does cover everybody, not two natural persons who have decided to function as a partnership.

Mr. WYLIE. That is what I intend.

The CHAIRMAN. The question is on the substitute amendment offered by the

gentleman from California (Mr. REES) for the amendment offered by the gentleman from Ohio (Mr. WYLIE).

The substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. WYLIE).

The question was taken; and on a division (demanded by Mr. BROWN of Michigan), there were —ayes 34, noes 25.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. MOORHEAD

Mr. MOORHEAD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOORHEAD: Page 14, after line 23, add the following:

"(d) Section 11(b) of the Bank Holding Company Act of 1956 is amended (1) by changing 'this Act' the first two times it appears therein to read 'section 3', (2) by inserting, in the second sentence thereof, 'approved under section 3' immediately before 'shall be commenced', and (3) by inserting, in the last sentence thereof, 'approved under section 3' immediately before 'in compliance with this Act'.

"(e) Section 11(c) of the Bank Holding Company Act of 1956 is amended by changing 'pursuant to' to read 'under section 3 of'.

"(f) Section 2 of the Bank Holding Company Act of 1956 is amended by adding at the end thereof the following:

"'(i) The term 'person' includes natural persons, companies, and all other entities cognizable as legal personalities.

"'(j) The term 'thrift institution' means (1) a domestic building and loan or savings and loan association, (2) a cooperative bank without capital stock organized and operated for mutual purposes and without profit, or (3) a mutual savings bank not having capital stock represented by shares.'

"(g) Section 5(b) of the Bank Holding Company Act of 1956 is amended by adding at the end thereof the following new sentence: 'In any proceeding for the issuance of a regulation or order under section 4, the Board shall invite the views of the Attorney General as to the competitive factors involved, and the views of the Comptroller of the Currency and the Federal Deposit Insurance Corporation as to all factors specifically made relevant in section 4 to the proceeding in question.'"

Mr. PATMAN (during the reading). Mr. Chairman, I ask unanimous consent to dispense with the further reading of the amendment and that it be printed in the RECORD and be subject to amendment, of course.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas (Mr. PATMAN)?

PARLIAMENTARY INQUIRY

Mr. COLLIER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COLLIER. Mr. Chairman, for the purpose of trying to determine the consumption of time on debate for the balance of the afternoon, may I ask whether or not it is in order for a Member to speak more than once on the same amendment?

The CHAIRMAN. Not on the same amendment. A Member has a right to support the amendment or to oppose an amendment. Later on, if the Chair understands the rules, Members have the right to strike out the necessary number of words.

Mr. COLLIER. I thank the chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas (Mr. PATMAN)?

Mr. HALL. Mr. Chairman, reserving the right to object, will this amendment be explained, I will ask the gentleman who placed the request?

Mr. PATMAN. Yes. Will the gentleman yield?

Mr. HALL. Yes.

Mr. PATMAN. I am sure the amendment will be explained by the author, and satisfactorily explained. The amendment will be fully read if the gentleman wants that.

Mr. HALL. I do not object to it being printed and considered as read provided that we do not start limiting the time and provided there is adequate explanation. But as I served notice the other day, I shall not grant unanimous consent for acceptance on both sides of the aisle and incorporation into the bill of amendments without explanation.

Mr. PATMAN. I thank the gentleman.

Mr. HALL. Mr. Chairman, I withdraw my reservation of objection.

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

There was no objection.

Mr. MOORHEAD. Mr. Chairman, I rise in support of the amendment.

This is a technical amendment requested by the Department of Justice.

The Justice Department was concerned over the possible uncertainty of the applicability of the special antitrust procedure in section 11(b) of the Bank Holding Company Act to bank holding company acquisition of nonbanking organizations under section 4, as well as to bank acquisitions under section 3.

This amendment makes it crystal clear that the Congress intended the special antitrust procedure of section 11(b) to be limited only to section 3 bank acquisitions.

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

Mr. MOORHEAD. I yield to the gentleman.

Mr. CELLER. As I understand, the situation is as follows: An antitrust action must be brought within 30 days against an acquisition, merger, or consolidation transaction whereby a holding company is involved, and the acquisition concerns a bank. But where the acquisition does not concern a bank, then there is no limitation and that antitrust action can be brought at any time.

Mr. MOORHEAD. That is the purpose of this amendment. Without this amendment, the situation would not be clear. With this amendment, the law would be as the chairman has stated.

Mr. CELLER. The amendment, therefore, only seeks to clarify the language, and if that is the language, and I believe it is correct, there should be no objection to the amendment.

Mr. MOORHEAD. I thank the gentleman from New York for his support.

In its letter to the chairman and ranking member of the Banking and Currency Committee requesting this amendment the Justice Department pointed out that if the amendment were not adopted "the issue would probably have to be resolved by litigation." In its letter the Justice Department further said:

> Moreover, the Department of Justice opposes any legislation which does not make the point clear, since the thirty-day rule would impose a substantial burden on enforcement efforts when applied to a variety of complex, conglomerate types of transactions. In addition, it may well be that the banking community would not be overly anxious to have the automatic stay provision applied to every type of bank holding company acquisition.

Mr. Chairman, for the foregoing reasons this technical amendment should be adopted.

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

Mr. MOORHEAD. I yield to the distinguished gentleman from Texas, the chairman of the committee.

Mr. PATMAN. Mr. Chairman, it is very important that the application of the antitrust laws to bank holding companies be as clearly understood as possible, both from the point of view of the public interest and from the point of view of the banking industry itself.

Therefore, I strongly endorse the amendment offered by the gentleman from Pennsylvania, to section 11 of the Bank Holding Company Act which makes clear the application of section 11 of the Bank Holding Company Act as it pertains to section 3, bank acquisitions of bank holding companies. This amendment has been recommended by the administration in its original bill, H.R. 9385. It was not included in the bill as amended and reported by the Banking and Currency Committee.

Because of this fact, on September 25, 1969, the administration's outstanding Assistant Attorney General for Antitrust, Mr. Richard W. McLaren, wrote to both Mr. WIDNALL, the ranking minority member of the Banking and Currency Committee, and to myself, urging that an amendment clarifying the application of section 11 to sections 3 and 4 of the Bank Holding Company Act be sought on the House floor.

The feeling is that section 11, with its 30-day limitation on antitrust action by the Justice Department was intended only to apply to section 3, bank acquisition cases, and not to section 4, nonbank acquisition cases. That, I am sure, was the intention of Congress.

It is the fear of the Justice Department, however, while the courts would so find eventually, in the meantime long drawn out litigation would be necessary to establish this fact. It would be far simpler to amend the bill now to make this point clear. I know of no one who objects to the substance of this amendment.

I would also like to submit for the RECORD a copy of Assistant Attorney General McLaren's letter to me on this point:

DEPARTMENT OF JUSTICE,
Washington, D.C., September 25, 1969.

HON. WRIGHT PATMAN,
Chairman, Committee on Banking and Currency, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am writing to you and to Representative Widnall to express our concern about one, somewhat technical,

aspect of the proposed bank holding company legislation (amended H.R. 6778 as amended and reported). This concerns possible uncertainty as to the applicability of the special antitrust procedure in Section 11(b) of the Bank Holding Company Act of 1956 (12 U.S.C. 1849(b)) to bank holding company acquisitions of non-banking institutions, as contemplated under H.R. 6778 as amended and reported.

Section 11(b) of the Bank Holding Company Act of 1956 (as amended in 1966 by Public Law 89-455) provides for a special procedure applicable to "a proposed acquisition, merger, or consolidation transaction" approved by the Board under the Act. Specifically, it requires the Department of Justice to bring any antitrust suit within thirty days and gives the Department a statutory stay pending the end of litigation. This provision, copied from the Bank Merger Act of 1966 (Public Law 89-356), is clearly intended to apply only to acquisitions involving banks and arose out of Congressional distaste for divestiture in bank merger situations.

Once the Bank Holding Company Act is expanded to permit bank holding companies to acquire nonbanking businesses, it becomes necessary to clarify section 11(b) to make clear that "a proposed acquisition, merger or consolidation transaction" includes only transactions involving bank holding company acquisition of a bank. This was what was intended in the amended section 11 provided for in H.R. 9385. This intent was carried out in defining the term "bank acquisition". Specifically, section 2(8) of the bill amends section 11 of the Act as follows:

(a) By amending the first sentence of subsection (b) to read as follows: "The Board shall immediately notify the Attorney General of any approval by it pursuant to this Act of a proposed acquisition, merger, consolidation, or other transaction by which a bank holding company acquires a bank (hereinafter referred to as a 'bank acquisition'), and such a bank acquisition may not be consummated before the thirtieth calendar day after the date of approval by the Board",

(b) By further amending subsection (b) by striking the words "acquisition, merger, or consolidation transaction" at each place they appear in the second and succeeding sentences, and inserting in lieu thereof the words "bank acquisition",

(c) By adding at the end thereof the following: "(g) The appropriate banking agency shall notify the Attorney General of any application received by it under section 4(c)(8) of this Act."

Failure to include some such provision could lead to considerable uncertainty as to whether the special antitrust procedure of section 11 would be applicable to non-bank acquisitions, and the issue probably would have to be resolved by litigation. Moreover, the Department of Justice opposes any legislation which does not make the point clear, since the thirty-day rule would impose a substantial burden on enforcement efforts when applied to a variety of complex, conglomerate types of transactions. In addition, it may well be that the banking community would not be overly anxious to have the automatic stay provision applied to every type of banking holding company acquisition.

We, of course, have a number of more general reservations about the approach of H.R. 6778, as amended and reported, with respect to standards for non-bank acquisitions and other matters. We would prefer the more specific types of standards contained in H.R. 9835, and supported in my testimony of April 17, 1969.

Sincerely yours,

RICHARD W. MCLAREN,
Assistant Attorney General, Antitrust Division.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. MOORHEAD).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BENNETT

Mr. BENNETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENNETT: Page 14, line 23, after the period insert: "the provisions of paragraph (11) shall not be applicable to permit one bank holding company with bank assets of more than $30,000,000 and non-bank assets of more than $10,000,000 to avoid the provisions of this Act because of its having engaged in the business activities referred to therein prior to May 9 of 1956."

Mr. BENNETT. Mr. Chairman, the amendment is substantially the same amendment I offered before, but we had only a minute to debate it. I understand it is not controversial. All it does is to say that a concern cannot go into a really large concern and escape the provisions of the law. My amendment is in accordance with the standard which was suggested by the Chairman of the Federal Reserve Board.

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

Mr. BENNETT. I yield to the gentleman from Wisconsin.

Mr. REUSS. I commend the gentleman on his amendment. This does strengthen what the committee earlier did. We have now restricted the grant to those in existence in 1956. We think all or practically all of those are small systems, but the gentleman's amendment makes it certain that they have to be. I hope it will be adopted.

Mr. BENNETT. I know of no opposition to the amendment.

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

Mr. BENNETT. I yield to the gentleman from New York.

Mr. CELLER. Does this mean that the grandfather clause is changed in toto?

Mr. BENNETT. As I understand, there are very few, if any, concerns now that would be under this, but it does affect the grandfather clause. It is the type of grandfather clause that was suggested by the Chairman of the Federal Reserve Board. In other words, it goes to the merits of the question whether you are going to have very large concerns——

Mr. CELLER. It does not change the date?

Mr. BENNETT. Oh, no, it does not change the date; no, sir.

Mr. BROCK. Mr. Chairman, I move to strike the last word.

The CHAIRMAN. The gentleman from Tennessee is recognized.

Mr. BROCK. Mr. Chairman, I think the amendment points up the problem we created by an earlier amendment which rolls back the grandfather clause to 1956.

Until last year there were no large companies having one-bank holding companies. The vast movement really began in the latter half of 1968. The committee in rolling back the grandfather clause to 1956, going back prior to the passage of two major bills through the Congress, and the full assurance to every corporation operating under color of law that they could continue to perate under color of law, has now decided to retroactively penalize those corporations. The gentleman from Florida has tried to exempt the small ones. I do not disagree with his effort to exempt the small ones——

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

Mr. BROCK. I yield to the gentleman from Florida.

Mr. BENNETT. There is no effort to exempt anybody. This is not an exemption. This is a further strengthening of the law. The amendment provides that a company cannot be big and get out from under this law. It does not exempt any small corporation at all.

Mr. BROCK. I thought the smaller corporations were not included.

Mr. BENNETT. No, this tightens the law. This makes it difficult to escape the law.

Mr. BROCK. Will the gentleman reexplain his amendment?

Mr. BENNETT. I will read it again. It states that—

Page 14, line 23, after the period insert: The provisions of paragraph (11) shall not be applicable to permit one bank holding companies with bank assets of more than $30,000,000 and non-bank assets of more than $10,000,000 to avoid the provisions of this Act because of its having engaged in the business activities referred to therein prior to May 9 of 1956.

So it clearly strengthens the law. It does not in any way exempt them.

Mr. BROCK. I understand the gentleman now. The previous amendment exempted those under $30 million.

Mr. BENNETT. The previous amendment I offered also made the law more restrictive and gave a lesser opportunity for people to escape the provisions of this law, just as this does. The amendments were both in the same direction. They were in no way contrary. It is a different sentence, but the thrust of both amendments is identical.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. BENNETT).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BENNETT

Mr. BENNETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BENNETT: Add the following new subsection at the end: "(d) So much of section 4(c) of the Bank Holding Company Act of 1956 as precedes the numbered paragraphs thereof is amended (1) by striking 'shall not apply to any bank holding company which is a labor, agricultural, or horticultural organization and which is exempt from taxation under section 501 of the Internal Revenue Code of 1954, and such prohibitions' and (2) by striking 'other'."

Mr. BENNETT. Mr. Chairman, this is a provision which the House Banking Committee approved in 1955, and it was approved by the House of Representatives in 1956, and it was acted on again favorably by the House by a record vote in 1965.

Mr. Chairman, there are practically no people in this category. It is a very small coverage. But there just is not any conscientious reason to allow a labor union or an agricultural organization

or horticultural organization to escape the provisions of this law. It is just horrendous that anybody would think there is any logical sense in exempting these organizations.

My understanding is the agricultural organizations were all in my congressional district. I never favored their not being covered by this law and escaping the provisions of this law. I think they are all dead at the present time. I think it was the Consolidated Naval Stores for which this original provision was written. I do not want this loophole to be available for anybody else to come in under. This amendment is simply something the House of Representatives passed favorably on in 1955 and again in 1965.

As far as I know there is no opposition to it. I never received a letter in opposition to my position on this. I think it would be good to clean up the bill by getting rid of this section now.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. BENNETT).

The amendment was agreed to.

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

Mr. FARBSTEIN. Mr. Chairman, the trend toward conglomerate mergers and bigness in the economic sector is a dangerous trend which puts vast economic power in the hands of a few; and puts these power holders beyond the reach of the traditional restraints exercised by economic competition and governmental fiscal policy. The small business is put at a severe disadvantage and traditional governmental methods of reducing inflation are severely crippled. This trend is one of the reasons the Government is finding it difficult to put a halt to spiraling inflation.

The proliferation of one-bank holding companies that include many of the largest banks in the Nation has been one of the major manifestations of this phenomena over the last few years.

As the House Banking Committee has reported the number of one-bank holding companies grew from 117 in 1955 to 550 in 1967 and climbed to 691 by the end of 1968. Over the 18-month period from the beginning of 1968 through June 1969 some 112 banks have formed or announced one-bank holding companies.

And the number and variety of businesses in which these holding companies are engaged boggle the imagination. They include such diverse activities as insurance, radio and television broadcasting, management consulting, ranching, department store operations, lawn mower manufacture, pizza parlor leasing, steel erection and sales, home construction, cable television, title insurance, and mortgage financing. I could go on and on. And it is these functions that can be carried on by a bank affiliate without regulation by the Federal Government, as a result of what is clearly a loophole in the 1956 Bank Holding Company Act. Under that act a holding company was exempt as long as it owned only one bank. This loophole has been increasingly used by banks that wanted to diversify into nonbanking fields.

Until the last few years, this loophole was of no practical significance. One-bank holding companies till then were used mainly by smaller rural or smalltown banks to provide better financial management for businesses essential to a local community, such as an insurance agency or a lumber yard. But now, when the list of banks becoming part of one-bank holding companies reads like a blue book of the top banks of the country, we face a completely different situation, one which, we must all agree, poses a serious threat to our economy, and most particularly to the small businesses of the Nation. With its bank competitor enjoying the backing of multimillion deposits, and financial sagacity, how can a small travel agency compete? What excuse is there for a bank to be affiliated with an insurance agency? Who can believe that it is in the best interest of the country to have a bank operate a mutual fund?

The action of the Congress in considering H.R. 6778 is therefore heartening. It will provide for placing one-bank holding companies under the Federal Reserve System. It will prohibit nonbanking activities of companies that are not "functionally related" to banking.

There are, however, serious weaknesses in the bill which cause me grave concern. First and foremost is the grandfather clause that permits all acquisitions made by one-bank holding companies prior to February 17, 1969, to stand. This is an entirely unwarranted provision. Although February 17 of this year was the date on which the distinguished chairman of the Committee on Banking and Currency, Mr. PATMAN, introduced the original version of H.R. 6778, it had long been common knowledge in the banking fraternity that legislation to deal with one-bank holding companies would surely be forthcoming. Hundreds of major one-bank holding companies were formed in the period from January 1, 1965, through February 17, 1969, that warrant close regulation and supervision. By adopting this earlier date, the few hundred small traditional one-bank holding companies would be protected while all the major one-bank holding companies that have occurred in the last 4 to 5 years would be brought under the regulation of the Bank Holding Company Act. This amendment is urgently needed.

It is also important to strengthen the definition of what is to constitute control under the Bank Holding Company Act. Present law defines control as existing when a company controls 25 percent or more of the stock of a bank. It is common knowledge that control of a major corporation, including a major bank, can be exercised with far less than a quarter of the stock in one's hand. It would be far better to tighten this to include a provision that would find control to exist when a company has the power to direct the management and policies of a bank. This would be more direct, honest, and forthright. Third, the exemption for banks controlled by partnerships, both limited partnerships and general partnerships, from the Bank Holding Company Act should be removed.

And finally the test of the committee bill requiring activities of bank holding companies to be functionally related to banking is still too vague. It is important to spell out that certain functions are clearly and unmistakably outside the proper function of bank holding companies. These would include specifically the functions of travel agencies, professional accounting firms, data processing companies and equipment leasing companies. I do not mean, however, by stating these particular types of business to exclude others. Simply in the interest of protecting small businesses and encouraging healthy competition, these areas should be categorically outside the province of one-bank holding companies.

Thus it is absolutely clear to me that we must act, and act now, to plug the one-bank holding company loophole in the Bank Holding Company Act of 1956. The committee bill, H.R. 6778, is certainly a step in the right direction. But it surely does not do the job as it needs to be done. Amendments along the lines I have indicated, which are in line with those proposed by Mr. PATMAN, Mr. BLACKBURN, Mr. MOORHEAD, and Mr. CHAPPELL, are needed to do the job. With such amendments, I strongly endorse this bill and urge my colleagues to give it their full support.

Mr. BROCK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, if I can take just a couple minutes of the Members' time to summarize the action that this body has taken as regards an institution which has been in existence in this country for some years now—the holding company. In 1956 Congress passed holding company legislation and exempted certain of those institutions, specifically those with one bank and no more. The Congress again acted to amend the bank holding company law in 1965 and again exempted those institutions. In 1965 I fought to remove the exemption, but I failed and the Congress again reassured such one-bank companies they were in accordance with the law and the interest of Congress.

Now this Congress would embark upon a course of retroactively applying law for some 13 years. If I can be very honest with you, this bill has become not a bill to regulate bank holding companies, but it has become a ripper, a bill that will create absolute and total chaos with all those institutions that have operated under the full color of the law for at least 13 years.

I do not honestly see how we can in good conscience tell people, business members of our communities, that it was legal to do something in 1960 and 1962, but we are now retroactively making their actions in 1960 and 1962 illegal.

There are more than $140 billion worth of assets involved in this bill that in one way or another will have to be divested from each other. The unscrambling is going to be enormous. The impact upon the market is going to be enormous, if such legislation were to pass and become law. I do not anticipate that happening, because I do not anticipate the other body will accept such extreme language.

I believe Members should very carefully consider the opportunity they have to amend this bill in a more responsible fashion by voting against the amendment, on the separate vote which will be asked, which rolled back the grandfather clause to 1956. The rollback was excessive, and most members of the committee know it, although there was very little discussion of it.

Virtually any student of this issue could have accepted a roll-back of responsible dimensions. A 13 year roll back is not responsible. Now if that amendment is not defeated, then I believe we should recommit this bill to the committee and to insist that the committee act in better judgment and discretion than it has.

I urge the Members, do not be misled by the claims of those who say all these companies should operate under exactly the same standards, when we have allowed separate operations for all these years and encouraged them by our acts in 1956 and 1965. I believe it is very important that we reconsider our action.

There are those in affected industries who made a very strong case, asking that banks not be allowed to dominate their industries, and they are right. I share many of their concerns. Banks should not be in a number of fields, and, for example, I mention specifically the insurance area. But in their zealous attempt to sell their case many proponents of ameliorative legislation have oversold Members who do not know the complexities of this law. The reaction has been excessive and extreme. No spokesman for affected business has advocated the action taken today—most suggested a grandfather date in either 1968 or 1965—not 1956.

If the rollcall vote loses and the amendment continues to be in full force and effect, to roll back the granfather clause to 1956, and if a subsequent motion to recommit fails, then I for one in good conscience cannot support this bill and would oppose it with all my energy.

May I add this further note of caution. We need legislation in this area. Irresponsibility on the part of this House may cause the other body to withhold consideration of this legislation this year. Thus zeal may be rewarded by frustration and inaction. It would be ironic if those who feel most desperately the need for such a bill were to force a stalemate effectively killing it.

Again, I say we need action in this area. Let us achieve it with fairness, intelligence, and reason.

Mr. PATMAN. Mr. Chairman, I move to strike the requisite number of words.

At the proper time, Mr. Chairman, I wish to be recognized to ask for a record vote on the Bevill amendment as amended by the Wylie amendment.

Mr. BROWN of Michigan. Mr. Chairman, I move to strike the requisite number of words.

I shall be very brief. I only wish to echo that which has been said by my colleague from Tennessee. I believe he has very cogently, convincingly, and forthrightly explained what we have done today and what the impact of that action will be if we permit this legislation to become law in its present form and context.

I, therefore, commend the gentleman for his remarks and assure him that I too intend to oppose passage as I suggest a majority of our colleagues should do.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield to me?

Mr. BROWN of Michigan. I yield to the gentleman.

Mr. WIDNALL. Mr. Chairman, the gentleman from Tennessee has aptly stated the reasons that many of us have for not wanting to vote for the bill in its present form. It is my intention, if the Bevill amendment on a record vote is not defeated, to offer a straight motion to recommit and send the bill back to the committee.

Mr. PATMAN. Mr. Chairman, let me indicate the impact of bank holding companies on the insurance agency business in North Carolina. This is just what would happen in one State if bank holding companies stay in the insurance business.

Banks in North Carolina were early and aggressive in taking advantage of the one-bank holding company loophole in the Federal Bank Holding Company Act—BHCA.

One of the principal uses made by these banks of the existing loophole was to expand into the business of selling insurance. Accordingly, when agents throughout the country became concerned about this threat from the banks, an investigation of the problem focused initially on North Carolina.

This is a summary of the results to date of the North Carolina investigation.

SUMMARY AND CONCLUSIONS

The investigation summarized in this memorandum has covered the entire State of North Carolina, and it has produced a reasonably thorough picture of the relationship between bank holding companies and independent insurance agents in that State.

The principal threats to independent agents in North Carolina are Wachovia Bank & Trust Co., North Carolina National Bank, and First Union National Bank. These three banks have aggressively expanded into the insurance agency business through use of the bank holding company form of organization, and all three have been using the coercive power of credit to effect sales of insurance services.

The banking industry in North Carolina is characterized by the concentration of a high percentage of bank power in the State's three largest banks. This concentration of bank power is even more pronounced in various metropolitan areas around the State. This concentration increases the dangers inherent in the banks' unfair use of the coercive power of credit.

Extensive investigation has revealed a number of instances of unfair, and perhaps illegal, use of pressure by the banks. This pressure most often takes the form of tying various bank services to the sale of insurance.

The activities of North Carolina and bank holding companies are not prohibited by the Bank Holding Company Act because the offenders are one-bank holding companies. H.R. 6778, if it becomes a law, will not help independent insurance agents in North Carolina. The major one-bank holding companies in North Carolina were all organized prior to February 17, 1969, the "grandfather clause" date in H.R. 6778.

It is not economically feasible for bank-affiliated insurance agencies in North Carolina to provide better or cheaper insurance services to consumers. In fact, it appears that consumers who are forced to buy insurance services from bank-affiliated insurance agencies will receive inferior and more expensive insurance services.

North Carolina one-bank holding companies have temporarily restrained their aggressive acquisition programs and their use of predatory practices to sell insurance due to the pendency of new Federal legislation and the investigation of their particular activities in North Carolina. They may be expected to return to their aggressive and predatory practices as soon as they are free to do so. The ability of North Carolina independent insurance agents to stay in business and compete will rapidly deteriorate in the absence of saving legislation or successful litigation against North Carolina's one-bank holding companies.

NATURE AND SCOPE OF INVESTIGATION

An intensive investigation in North Carolina during the past year has produced a reasonably thorough picture of the situation there resulting from the expansion of bank holding companies and their subsidiaries into the business of selling insurance.

The investigation has been conducted by lawyers representing the National Association of Insurance Agents, and it has been assisted by a firm of consulting economists. The economists' study is contained in a report, dated August 1, 1969, "The Possible Impact on Competition of Bank Entry into the Insurance Agency Business: North Carolina"—the "Economists' Report".

The investigation has taken account of most of the available written data on the bank, bank holding company and insurance agency businesses in North Carolina from the files of the Independent Insurance Agents of North Carolina, Inc.—IIANC—various agencies of the State of North Carolina, various agencies of the Federal Government, various private sources of data, et cetera.

A large amount of data not available to the public has also been assembled through questionnaires and conferences with officers and many members of IIANC.

In March 1969 a preliminary questionnaire survey was made of 10 selected agencies in North Carolina. When this questionnaire proved to be productive, a questionnaire was distributed to 150 agents throughout the State on July 15, 1969.

The investigation has covered every major city in the State as well as a number of the smaller communities.

A major purpose of these questionnaires and a number of personal interviews was to compile data on the amount and type of business which has been diverted to insurance agency subsidi-

aries of single bank holding company agencies, and to determine whether the diversion of this business was due to the use of the coercive power of credit. The investigation was also used to determine where problems existed throughout the State and to further identify the principal offenders.

More specifically, the areas of factual investigation included all of the following:

Delineation of the relevant lines of commerce, markets and sections of the State affected by the conduct of bank holding companies and their subsidiaries;

The general economic condition of the banking and insurance industries, and the general growth, merger, and market trends, and the ease of access and entry, in these relevant lines of commerce and markets in North Carolina;

The relationship of bank holding companies and their subsidiaries to competitors in the banking and insurance industries, in terms of respective market shares, potentials, and trends;

The use of superior economic resources by bank holding companies and their subsidiaries, or of their dominance of the relevant market, or of their leverage inherent in the conglomeration of banks and insurance companies and agencies, to effect tying arrangements which may tend to force customers to purchase both banking and insurance services from bank holding companies and their subsidiaries;

The demonstrable extent of injury and damages to independent insurance agents if through the combined pressures of bank holding companies and their subsidiaries these agents are deprived of renewal commissions; and,

The other elements of injury and damages which are being experienced by independent insurance agents as a direct and proximate result of the activities of bank holding companies and their subsidiaries.

THE BANKS INVOLVED

As of June 1969, five North Carolina banks had formed one-bank holding companies, and three more banks had obtained approval to form one-bank holding companies.

Among those banks which have already formed one-bank holding companies, three pose the greatest threat to independent insurance agents—Wachovia Bank & Trust Co., North Carolina National Bank, and First Union National Bank. The extra measure of threat from these three banks is created by their size, growth rates, expansion plans, and so forth.

Wachovia Bank & Trust Co.—Wachovia Bank—is the 37th largest bank and the fourth fastest-growing bank in the country. Wachovia Bank is the largest bank in North Carolina, and it owns an estimated 25 percent of all bank assets in the State. Its deposits exceed $1.3 billion.

Wachovia Bank continues to grow. In 1968 it operated 109 branch offices in 40 North Carolina cities. Supervisory bodies had authorized nine more Wachovia Bank branches. Subsequently, an application has been approved for the merger of the State Bank of Laurinburg, N.C.—with deposits of $12 million—into Wachovia Bank, and this will give Wachovia Bank five additional branch offices. Wachovia Bank has recently proposed plans to merge with Citizens Bank & Trust Co., of Andrews, which had deposits at the end of 1968 of $26 million and ranked 24th in the State in total deposits.

On December 31, 1968, Wachovia Bank reorganized to become a national association and a wholly owned subsidiary of a one-bank holding company, the Wachovia Corp. The insurance department of the bank, Wachovia Insurance Co., is also a wholly owned subsidiary of Wachovia Corp.

Wachovia Insurance is one of the largest insurance companies in the southeastern United States. In the past Wachovia Insurance's growth has apparently been accomplished largely without outside agency acquisitions. Recently, however, the company has undertaken a program of rapid expansion. In its own words, Wachovia Insurance stated recently:

[Wachovia officers have] been actively engaged in planning and carrying out the expansion of Wachovia Insurance. Plans now call for the establishment of a Wachovia Insurance office in every Wachovia city, and expansion of operations in those cities in which there already is a Wachovia Insurance office. This expansion is being effected by purchase of existing agencies, by merger with existing agencies and by the establishment of offices *de novo*. *The Wachovia Insurance Approach*, p. 8, July 1, 1968 (prepared by Wachovia Insurance).

Wachovia Insurance has been active in the acquisition of independent insurance agencies consistent with its announced plans. This is, of course, in addition to its previously existing insurance agency activities.

The problem presented by Wachovia Corp. and its subsidiaries is compounded by other financial activities of the corporate group. For example, the trust department of Wachovia Bank controls assets in excess of $1.5 billion, while its bond department ranks 14th in the Nation among the commercial banks underwriting new municipal issues. On September 2, 1969, Wachovia Corp. announced that it had entered preliminary negotiations to acquire the American Credit Corp., Charlotte, N.C. American Credit Corp., which is listed on the New York Stock Exchange, is the 18th largest independent finance company in the Nation—sales and consumer finance—with assets of $378 million, and 326 offices in 15 States. A merger of the two companies would create a financial institution with assets of some $2 billion. This merger, if consummated, would be one of the largest acquisitions involving a one-bank holding company to date. These related financial activities increase the leverage of the corporate group in using the coercive power of credit to effect sales of insurance.

North Carolina National Bank—NCNB—the second largest bank in the State and the 50th largest bank in the country, reorganized into North Carolina National Bank Corp.—NCNB Corp.—a one-bank holding company, on November 4, 1968. With total resources of $1 billion, and deposits of $727 million, NCNB operates 85 offices throughout the State. Like Wachovia Bank, NCNB's rapid growth over the past several years is due primarily to their acquisition of smaller banks. In 1968 NCNB acquired Commercial and Industrial Bank of Fayetteville with deposits of over $12 million. Recently, plans were announced to merge with the State Bank & Trust Co., of Greenville, the 30th largest bank in North Carolina, with deposits of more than $20 million.

NCNB Corp., the holding company, has acquired American Commercial Agency, one of the largest and oldest general insurance agencies in the Carolinas and one of the few publicly owned insurance agencies in the United States. Since this acquisition, NCNB Corp. has been aggressive in expanding its insurance agency operations, and it has made use of the coercive power of credit to effect sales of insurance.

First Union National Bank and Cameron-Brown Co., which had been held in trust for the benefit of the shareholders of the bank, merged into First Union National Bancorp, a one-bank holding company, on May 4, 1968. With assets which recently surpassed $1 billion, First Union is the third largest bank in North Carolina and the 66th largest in the country. First Union commenced operations in 1957 in Charlotte, with deposits of $60 million, and today it has 118 banking offices in 59 North Carolina cities, with total deposits of $827,207,970. Again, this rapid rate of growth is primarily due to a series of mergers with smaller banks. In 1968 alone, First Union acquired four banks—National Bank of Alamance, Commercial State Bank of Laurinburg, First State Bank & Trust Co. of Bessemer City, and the First Citizens National Bank of Elizabeth City—having total deposits of more than $58 million. Plans have recently been announced to acquire Bank of Franklin.

Cameron-Brown Co., the insurance subsidiary of First Union National Bancorp, recently jumped from 14th largest to 12th largest mortgage banking firm in the United States, and it is the largest in the Southeast. It services more than $720 million in mortgages. This company also originates and services real estate loans for institutional investors, and it maintains one of the largest insurance agencies in North Carolina. Cameron-Brown has also made aggressive use of the coercive power of credit to sell insurance.

Other North Carolina banks have formed or propose to form one-bank holding companies. These smaller companies often operate in smaller communities in the State, and they have also been successful in using the coercive power of credit to expand their insurance agency activities. These other banks include the Northwestern Bank, Southern National Bank of North Carolina, Planters' National Bank, First National Bank of Eastern North Carolina, and Southern Bank & Trust Co., Mt. Olive.

CONCENTRATION OF BANK POWER

The concentration of market power in the hands of the three largest banks in

North Carolina is significant on a statewide basis. The concentration of bank power is even more significant in various metropolitan areas around the State.

As of the yearend 1968, the statewide concentration of deposits at the three largest North Carolina banks was as follows:

Bank	Amount (thousands)	Percent of total
Wachovia Bank & Trust Co	$1,327,989	21.0
North Carolina National Bank	1,112,147	17.6
First Union National Bank	827,208	13.1
Total, 3 leading banks	3,267,344	51.7
All (121) commercial banks in North Carolina	6,325,505	100.0

Source: Economists' Report, table 1, p. 6.

Also as of yearend 1968, the statewide concentration of loans outstanding at the three largest North Carolina banks was as follows:

Bank	Amount (thousands)[1]	Percent of total
Wachovia Bank & Trust Co	$884,894	22.8
North Carolina National Bank	699,515	18.0
First Union National Bank	569,732	14.7
Total, 3 leading banks	2,154,141	55.5
All (121) commercial banks in North Carolina	3,881,409	100.0

[1] Loans and discounts including loan reserves.

Source: Economists' Report, table 3, p. 9.

An even greater concentration of deposits exists in the State's standard metropolitan statistical areas—SMSA. As of June 29, 1968, the latest date for which this information is currently available, more than 85 percent of the amount on deposit in three of the State's seven standard areas, and more than 90 percent in the other four areas, were held by the respective areas' four largest banks. The concentration of deposits for specific areas is as follows:

[Percentage of total deposits]

SMSA	No. A Bank in SMSA (1)	No. B Bank in SMSA (2)	No. C Bank in SMSA (3)	No. D Bank in SMSA (4)	Total No. A–No. D (5)
Asheville	47.7	24.0	13.3	10.4	95.4
Charlotte	45.1	20.6	15.3	5.3	86.3
Durham	32.2	28.2	26.2	6.4	93.0
Fayetteville	47.0	15.6	15.0	12.5	90.1
Greensboro-Winston-Salem-High Point	47.0	28.1	11.1	3.6	89.8
Raleigh	32.2	27.7	16.8	8.7	85.4
Wilmington	37.2	30.8	13.8	10.0	91.8

Note: Banks are ranked according to the amount of their total deposits in the SMSA.

Source: Federal Deposit Insurance Corporation, "Summary of Accounts and Deposits in All Commercial Banks," Richmond District, No. 11, pp. 229–231.

Loans outstanding in these SMSA's are correspondingly concentrated.

The operations of the three larger banks in these SMSA's are as follows: Wachovia Bank, NCNB, and First Union have banking offices in the Charlotte, Durham, Greensboro-Winston-Salem-High Point, and Raleigh areas; Wachovia Bank and First Union have offices in the Asheville area; Wachovia Bank and NCNB in the Wilmington area; and NCNB and First Union in the Fayetteville area.

The bank holding companies to date have tended generally to acquire insurance agencies in communities where they have existing branch offices, but their influence in the insurance agency business is continuing to expand because of the rapid rate at which the major banks are opening branches in new areas.

The inherent power of credit is accentuated when there is a high degree of concentration within the banking industry. Bank concentration makes borrowers even more likely to use the bank's insurance agency. In any one locality, the number of alternative sources of funds is limited. The smaller borrowers are less likely to get credit on viable terms in other cities, and the cost of shopping for loans may be prohibitive for small firms. Large borrowers may be able to avoid coercion by local banks because they have access to a national market. Since, however, large loans are presently being rationed on a national basis, all borrowers are equally subject to leverage and the coercive power of credit.

UNFAIR AND ILLEGAL BANK ACTIVITIES

Concentration of bank power is not the only problem in North Carolina. Extensive investigation has revealed a number of particular instances of unfair, and perhaps illegal, use of pressure by the banks. Some of the major objectionable practices may be cited here to illustrate the nature of the problem:

In many instances banks have pressured construction companies to whom they are lending money to also give their insurance business to the banks. The mere suggestion by a bank to one seeking a loan that the bank or a bank-affiliated agency handles insurance is often enough to bring the borrower into line and cause him to refer his insurance business to the bank; but investigation has also uncovered instances in which the bank has flatly informed a construction company which has come to it for a loan that it must give its insurance business to an affiliate of the bank.

The banks have put strong pressures on real estate agents to funnel insurance business to the banks' insurance agencies. The banks have made it known, directly or indirectly, that they will be unable to handle mortgage loans unless they also receive the related insurance business. This has already resulted in a serious lessening of the homeowners insurance business available to independent agents in some areas of North Carolina. The situation is even worse in North Carolina in those cases in which the bank holding company also operates a subsidiary in the real estate business or as a mortgage broker.

Thus, the North Carolina banks are using the bank holding company device to tie in real estate, mortgage, banking, and insurance services. They are using other forms of packages of financial services to gain insurance business. Investigation has developed particularly the use of credit card services and data processing services in this connection. The possible combinations of tied products and financial service packages are something with which North Carolina's independent insurance agents cannot effectively compete.

Finally, some of the banks have been using the insurance policies in their files on various credit transactions to systematically approach the agents' customers when the renewals come due. For example, one bank sends out written notices to the customers of independent agents shortly before the time the renewals come due, asks them to permit the bank "to secure the necessary coverage," and suggests that they simply sign a form and mail it back to the bank giving the bank authority to handle the renewal. One written statement from a customer of an independent agent reports that upon receipt of the bank's renewal form he executed it in the mistaken belief that it merely constituted an acknowledgment that he wished to have his regular agent renew his insurance. The possibilities for schemes to divert renewal business are numerous.

The ultimate conclusion of the consulting economists, based strictly upon their economic analysis, was as follows:

Preliminary information provides a strong indication that Wachovia, NCNB and First Union have sufficient economic power to tie the extension of credit to the purchase of insurance through a specified agency, and that the prerequisite compulsion to use the "tied" product (insurance) can be demonstrated.

This economic conclusion has been fully supported by the investigation into the actual conduct of the banks. The investigation has revealed that the banks have been extremely active, extremely predatory and increasingly successful in taking over insurance agency business in North Carolina.

Actual proof of some of these supporting facts is hard to secure. In many cases the construction companies, real estate agents and homeowners who have been subjected to bank pressures will not come forth and testify because they are afraid of jeopardizing their opportunities for securing credit in the future. The same pressures which the banks use to take business away from the agents also serve to make potential witnesses unwilling to testify about these activities.

Nevertheless, much information on bank activities in North Carolina has been received on a confidential basis, and it appears absolutely certain from the evidence that the one-bank holding companies are making widespread use of the coercive power of credit to effect sales of insurance.

INJURY TO NORTH CAROLINA CONSUMERS OF INSURANCE SERVICES

The intrusion of North Carolina one-bank holding companies into the business of selling insurance appears, on balance, to be a development which is

adversely affecting the interests of North Carolina consumers of insurance services.

It is not economically feasible for the bank-affiliated insurance agencies in North Carolina to provide better or cheaper insurance services to consumers. In fact, it appears that consumers who are forced to buy insurance services from bank-affiliated insurance agencies will receive inferior and more expensive insurance services.

The absence of economies for insurance consumers is demonstrated by an analysis of the insurance industry in North Carolina offering the types of insurance coverage which one-bank holding companies have been active in selling. The largest North Carolina one-bank holding companies have been substantially expanding their interests in the property and casualty insurance agency business.

The property and casualty business in North Carolina is a service industry characterized by very small firms. The typical agency is a partnership or proprietorship with fewer than four employees. It is difficult to estimate the profitability of these agencies because data on invested capital is not readily available. From the best available data, however, it appears that the agency business return on invested capital is moderate. The industry is also highly labor intensive. Capital is required only to finance premiums for approximately 30 days.

The typical insurance agency faces a large number of business rivals, as well as threats to survival resulting from the dynamic nature of the industry. In North Carolina there are more than 1,500 agencies, and in narrower metropolitan markets there can be dozens of competing agencies. Stock company agents compete with agents representing predominantly mutual underwriters. By introducing certain changes to the industry, the direct writers have effected centralization and computerization of many of the functions once performed by independent agents.

The future of the independent agent is, therefore, far from bright; and a report of the Stanford Research Institute, "Planning for the Future of the National Association of Insurance Agents," volume 1, suggests that only large agencies have a chance of prospering in the future.

There seems, consequently, to be little in the pure financial prospects of insurance agencies to attract banks into this field. Few of the skills or personnel of commercial banking are transferable to the insurance agency business. Unless, therefore, the acquisition can effect changes in the agency's market power, there would seem to be little or no inducement for a one-bank holding company to go into the business. It is not an outlet for an appreciable volume of funds since the capital required is minimal and the investment would be unlikely to earn much more than a competitive rate of return.

The interest of one-bank holding companies in insurance agencies can be explained by their anticipation of profits above those normally realized by agencies. Selling costs can be reduced by using bank loan officers as substitutes for agency employees. Income can be increased by extracting special concessions from insurance companies which the bank does not pass on to customers and by placing insurance with captive insurance companies. Market share can be increased by implicit or explicit use of the bank's position as a supplier of credit.

A commercial bank might argue that when it acquires an insurance agency it is simply integrating forward or backward, depending upon whether the agency is more important as a borrower or a lender. Vertical integration is sometimes justified on the ground that it increases efficiency, by saving purchasing or selling expense, by using management more efficiently, or by taking advantage of technological opportunities. In such cases, the climate of competition is improved. In North Carolina, however, in the case of agency acquisitions by banks, there is little to show that competition would be intensified. A reasonable hypothesis is that bank-controlled agencies, relieved of the full force of normal competitive pressure to attract and retain business, will give the customer inferior service.

The prospect of inferior insurance service if given on an impersonal basis by impersonal or nonprofessional agents is developed in the testimony presented by Morton V. V. White on behalf of the National Association of Insurance Agents, Inc., before the House Committee on Banking and Currency. Read the prepared testimony of Morton V. V. White, in the hearings on H.R. 6778 before the House Committee on Banking and Currency, 91st Congress, first session, May 1, 1969.

Essentially, an agent provides an information service in a specialized area, a service that can be duplicated by anyone willing to devote the time to familiarize himself with sources and keep abreast of them. It is possible that mortgage loan officers might become familiar with the terms of various fire and credit life policies and companies in the course of their lending activities, and that installment loan officers would become similarly familiar with terms of casualty policies. As an aid to borrowers, the bank might conceivably provide an advisory service that could then recommend the cheapest policies. But this must be combined with professional standards, which keep the interest of the client paramount, and with competition, which permits the clients to select agents according to their performance. Bank operation of agencies has the potential of jeopardizing both these characteristics that make an independent agency system valuable. It is difficult to discern offsetting benefits to the insured.

Finally, and most important, investigation in North Carolina has uncovered a number of verifiable instances in which bank-affiliated agencies have not given the quality of insurance service provided by the independent agencies. This problem may be expected to intensify if the threats of new Federal legislation and, possibly, litigation against one-bank holding companies in North Carolina are removed.

THE EFFECT OF PROPOSED H.R. 6778

It has become clear that the present administration and Congress intend to close the one-bank holding company loophole in the Bank Holding Company Act. A bill which would accomplish this purpose, H.R. 6778, was reported out of the House Banking and Currency Committee on July 23, 1969. H.R. 6778 is, however, virtually useless insofar as independent insurance agents in North Carolina are concerned.

H.R. 6778 does contain one provision which is helpful to North Carolina agents. The acquisition of nonbanking subsidiaries by bank holding companies must be approved by the Federal Reserve Board, and proposed H.R. 6778 provides, in part, as follows:

> The Board shall not approve the acquisition or retention under this paragraph (8) of shares of any company:
>
> (a) performing the functions of an insurance agent, nor permit the bank holding company itself to act as an insurance agent, except where the insurance provided is limited to insuring the life of a debtor pursuant to or in connection with a specific credit transaction, or providing indemnity for payments becoming due on a specific loan or other credit transaction while the debtor is disabled.

If this provision is enacted into law, it may help somewhat to slow the further expansion of North Carolina one-bank holding companies into the insurance agency business.

The most significant feature of H.R. 6778 for North Carolina agents is the grandfather clause, enabling bank holding companies and their subsidiaries to retain shares lawfully acquired and owned on February 17, 1969. This is the feature of H.R. 6778 which renders the bill virtually useless in North Carolina.

The major banks in North Carolina had all organized one-bank holding companies and acquired insurance agency businesses prior to February 17, 1969. One-bank holding companies were organized by Wachovia Bank on December 31, 1968, by NCNB on November 4, 1968, and by First Union on May 4, 1968.

Thus, these banks may remain in the insurance agency business under the provisions of the grandfather clause, and though they may not expand by the acquisition of the stock of additional agencies, nothing in the BHCA or H.R. 6778 precludes them from future acquisitions of the assets, key personnel, and so forth, of additional agencies.

There are other aspects of H.R. 6778 which may detract from the soundness of this bill, but they are less important than those mentioned above. Accordingly, the National Association of Insurance Agents, in the continued presentation of the position of independent insurance agents before Congress, has limited its immediate legislative priorities to the following:

First. The retention of a definition in the Bank Holding Company Act which limits the insurance agency activities of bank holding companies and their subsidiaries to the writing of credit life and credit health and accident insurance.

Second. The elimination of any grandfather clause whatever from the BHCA amendment, or, at the very minimum, rolling back the date of the grandfather clause as far as possible from the present February 17, 1969, with a suggested date of January 1, 1965.

Third. The establishment of a test for permissible nonbanking activities of bank holding companies and their subsidiaries which takes specific account of antitrust and other competitive factors, and which, therefore, relies less on the discretion of the Federal Reserve Board.

The extensive investigation conducted in North Carolina has established that each of these three legislative priorities is of vital importance to independent insurance agents in North Carolina.

THE OUTLOOK FOR NORTH CAROLINA INSURANCE AGENTS

At the present time the business of independent insurance agents in North Carolina is reasonably healthy and competitive. Aggressive agents have been able to stay in business and grow, and the market is open for new agents to enter the business and succeed. This permits the banks to argue at the present time that their activities do not threaten to destroy competition. The North Carolina investigation shows, however, that the ability of North Carolina independent agents to compete will rapidly deteriorate in the absence of saving legislation or successful litigation.

Some of the present healthy state of the business in North Carolina is accounted for by the fact that the major thrust by North Carolina banks into the business of selling insurance is a relatively recent development. Some of it is also accounted for by the fact that all of the banks are restraining their predatory activities somewhat in the knowledge that the independent insurance agents have been conducting an investigation with a view to possible litigation, and that they may be affected in some way by new bank holding company legislation presently under consideration in Congress.

For example, as a result of the agents' investigation and the pendency of legislation in Congress, Wachovia Insurance has temporarily refrained from acquiring additional independent insurance agencies in accordance with its announced plan. There is no evidence that it has abandoned its announced intention to establish an insurance agency in every city where there is a Wachovia Bank branch, but only that it will delay its acquisition program pending the outcome of either the proposed Federal legislation, or the investigation summarized herein, or both.

If the present threats to the banks are ever lifted, they may be expected once again to accelerate their activities and all agents in all parts of the State will feel the pressure very strongly. It is doubtful that the agents can successfully compete with the banks and, if the present activities are continued or increased, the banks will eliminate the independent agencies in a fairly short period of time.

Mr. Chairman, this material was prepared for me by the National Association of Insurance Agents, Inc., at my request.

Mr. HANLEY. Mr. Chairman, prior to being elected to the House of Representatives I had extensive experience in private business and I believe I can appreciate some of the difficulties which the small businessmen in this country today are confronted with as a result of the mixing of banking and nonbanking activities. H.R. 6778, as reported by the House Committee on Banking and Currency, affords no protection to the hundreds of thousands of small businessmen throughout the country who are engaged in such activities as travel agencies, data processing, insurance agencies, and equipment leasing firms. In fact, the bill as reported by the committee did not have the support of the chairman of the committee or 11 Democratic members of the committee. In addition, four members of the committee expressed reservations about one of the most crucial aspects of the bill; namely, the failure to restrict the nonbanking activities of bank holding companies.

It is my belief that the Congress has never intended that banks be permitted to engage in nonbanking activities. We now have an opportunity to make that policy clear by enacting amendments to H.R. 6778 which would clearly limit bank holding company activities to those activities which are necessary and incidental to banking.

I support such an amendment along with amendments which would provide a realistic grandfather clause for the imposition of Federal regulation over one-bank holding companies and specific provisions to allow persons who claim that they would be adversely affected by the activities of banks and bank holding companies to have standing to challenge these activities in the appropriate administrative agencies and the courts.

Mr. GONZALEZ. Mr. Chairman, one of the major obligations which the Congress of the United States has is to assure that the legislative process is used to give a degree of protection for small businessmen from all forms of unfair competition. It is my personal view that one of the most glaring examples of unfair competition in our economy today is the fact that banks directly and through bank holding companies are allowed to compete unfairly with predominantly small businessmen engaged in the travel agency, data processing, insurance, and accounting fields.

I have felt for some time that the Congress should speak of, clearly and unequivocally, the serious problem of banks engaging in nonbanking activities. One of the better explanations for confirming banks to banking activities and preventing them from competing unfairly with other commercial ventures, is contained in the testimony given by former Federal Reserve Board Chairman Martin when he appeared before the House Committee on Banking and Currency and said:

> The Congress took steps several years ago, in the Banking Act of 1933, to separate banking from nonbanking businesses, a policy that was reinforced by the Bank Holding Company Act of 1956 as to companies that owned two or more banks. . . . In determining whether a bank holding company should be authorized to engage in a particular activity, the prospects of realizing such benefits must be weighed against the risks of perverse consequences that led Congress to separate banking from other businesses. . . . In my judgment, the greatest risk is in concentration of economic power. If a holding company combines with a typical business firm, there is a strong possibility that the bank's credit will be more readily available to the customers of the affiliated business than to customers of other businesses not so affiliated.

Mr. BROYHILL of Virginia. Mr. Chairman, I rise in support of H.R. 6778, which would confine bank holding companies and their subsidiaries to the banking business or to businesses functionally related to banking and of benefit to the public.

There appears to be almost unanimous feeling that some action needs to be taken by the Congress in this field. From January 1, 1968, through September 30, 1969, 117 banks have formed or announced an intention to form one-bank holding companies holding deposits in excess of $143 billion. This is more than 33 percent of all bank deposits. Unless the legislation we have before us today is enacted, these one-bank holding companies are free to engage not only in banking, but also in any other business activity.

In 1956, Congress in its wisdom recognized the need for regulation of nonbanking activities by banks by enactment of the Bank Holding Company Act, providing the first comprehensive Federal regulation of all corporations holding 25 percent or more of the stock of two or more commercial banks, and requiring that such corporations divest themselves of control of all nonbanking and non-bank-related activities. Since passage of the 1956 act, multiple bank holding companies have been limited in their nonbanking activities to those closely related to banking. However, one-bank holding companies in 1956 numbered only 117, and were relatively small. In 1966, when the number of known one-bank holding companies had increased to more than 550, again, for the most part, relatively small, our colleagues on the House Committee on Banking and Currency felt the need to bring these companies within the provisions of the 1956 act, and attempted to do so in the 1966 amendments. Unfortunately, the Senate insisted that the exemption remain, and the House deferred to the Senate. Beginning last year, we have seen a rapid acceleration in the formation of one-bank holding companies by single banks, including some of the largest in the Nation. Further, many nonbanking corporations, including some of the largest industrial conglomerates, have acquired single banks. Today there are more than 700.

In addition to removing the one-bank holding company exemption from the 1956 act, thus subjecting these companies to Federal regulation, H.R. 6778 provides for improved administration of the 1956 act.

I believe the majority of our colleagues on the committee have wisely determined that the one-bank holding companies, formed in good faith and operating in various fields should not be subject to

extreme consequences as a result of this legislation, and have thus determined that the effective date of the legislation should be February 17, 1969, the date the legislation was introduced and such companies were officially put on notice that nonbanking activities were to be restricted. Under provisions of the legislation, they may continue the activities in which they were engaged on that date, but they cannot enter new fields of nonbanking activity nor expand their holdings of shares in nonqualifying businesses. These tight restrictions will force large nonbanking companies to dispose of their banks so as not to be frozen in the nonbanking activities in which they can engage and in their share ownership investment. It seems obvious that they will elect to separate their banking and nonbanking activities as a result of enactment of the legislation. Yet, at the same time, the rights of the small traditional one-bank holding companies in small towns which have for years had other businesses to continue to do so are protected by the effective date of the legislation.

Mr. Chairman, I believe action in this field is urgently needed, and I believe H.R. 6778 represents the best possible result of careful deliberation by the majority of our colleagues in the committee. I therefore urge its adoption.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HOLIFIELD, 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. 6778) to amend the Bank Holding Company Act of 1956, and for other purposes, pursuant to House Resolution 587, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment adopted by the Committee of the Whole?

Mr. PATMAN. Mr. Speaker, I demand a separate vote on the so-called Bevill amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: Page 14, strike line 12 through 23 and insert:

"(d) Section 4(c) of the Bank Holding Company Act of 1956 is amended (1) by changing the semicolons at the ends of paragraphs (1) through (8) to periods, (2) by striking '; or' at the end of paragraph (9) and inserting a period in lieu thereof, and (3) by adding the following new paragraphs at the end thereof:

"'(11) shares lawfully owned on May 9, 1956, by any company which becomes a bank holding company by virtue of any amendment made by this Act at the same time as the addition of this paragraph, but only as long as neither the bank holding company concerned nor any subsidiary thereof, after the enactment of this paragraph,

"'(A) commences any activity or acquires any shares for which approval by order or regulation is required under this section, or

"'(B) makes or is the subject of any acquisition or other action for which approval is required under section 3 of this Act or section 18(c) of the Federal Deposit Insurance Act.

For the purposes of this section, the acquisition in whole or in part of the business of a going concern by way of an asset acquisition shall be treated as an acquisition of shares.'"

Mr. PATMAN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

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

There was no objection.

PARLIAMENTARY INQUIRY

Mr. BLACKBURN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BLACKBURN. Mr. Speaker, when we speak of the Bevill amendment, which we are now considering before the House, are we referring to the Bevill amendment as amended by the Wylie amendment adopted in the Committee of the Whole?

The SPEAKER. The answer to that is "Yes."

Mr. BLACKBURN. I thank the Speaker.

The SPEAKER. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. WIDNALL) there were—ayes 70, noes 49.

So the amendment was agreed to.

The SPEAKER. The question is on the amendment adopted by the Committee of the Whole, as amended.

The amendment, as amended, was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. WIDNALL

Mr. WIDNALL. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WIDNALL. Mr. Speaker, I am opposed to the bill.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. WIDNALL moves to recommit the bill H.R. 6778 to the Committee on Banking and Currency.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

Mr. WIDNALL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 125, nays 245, answered "present" 10, not voting 51, as follows:

[Roll No. 260]

YEAS—125

Adair	Edwards, Ala.	Poff
Alexander	Erlenborn	Price, Tex.
Anderson, Ill.	Esch	Pryor, Ark.
Anderson, Tenn.	Eshleman	Quie
Andrews, N. Dak.	Evans, Colo.	Rees
Arends	Findley	Reid, Ill.
Ashley	Ford, Gerald R.	Reid, N.Y.
Aspinall	Frelinghuysen	Rhodes
Ayres	Frey	Riegle
Beall, Md.	Fulton, Pa.	Robison
Belcher	Fulton, Tenn.	Rogers, Colo.
Bell, Calif.	Goldwater	Roth
Betts	Grover	Roudebush
Bow	Hammer-schmidt	Sandman
Bray	Hanna	Satterfield
Brock	Heckler, Mass.	Saylor
Brotzman	Hicks	Schneebeli
Brown, Mich.	Horton	Shipley
Brown, Ohio	Hunt	Shriver
Burleson, Tex.	Johnson, Calif.	Sisk
Burton, Utah	Johnson, Pa.	Skubitz
Bush	King	Smith, Calif.
Byrnes, Wis.	Kuykendall	Smith, N.Y.
Carter	Langen	Stanton
Casey	Latta	Taft
Cederberg	Lloyd	Talcott
Celler	McCloskey	Teague, Calif.
Chamberlain	McDade	Teague, Tex.
Clancy	McDonald, Mich.	Thompson, Ga.
Clawson, Del	McMillan	Tunney
Cohelan	MacGregor	Van Deerlin
Collier	May	Vander Jagt
Collins	Mayne	Vigorito
Colmer	Meskill	Wampler
Conable	Michel	Watson
Conte	Mills	Whitten
Corbett	Minshall	Widnall
Coughlin	Mize	Wiggins
Davis, Wis.	Mosher	Williams
Denney	Nelsen	Wilson, Bob
Dwyer	Pettis	Winn
		Wydler
		Zwach

NAYS—245

Abbitt	Dingell	Hechler, W. Va.
Abernethy	Donohue	Helstoski
Adams	Dorn	Henderson
Addabbo	Dowdy	Holifield
Albert	Downing	Hosmer
Anderson, Calif.	Dulski	Howard
Andrews, Ala.	Duncan	Hungate
Annunzio	Eckhardt	Hutchinson
Ashbrook	Edmondson	Ichord
Baring	Edwards, Calif.	Jacobs
Bennett	Edwards, La.	Jones, Ala.
Bevill	Eilberg	Jones, N.C.
Biaggi	Fallon	Jones, Tenn.
Biester	Farbstein	Karth
Bingham	Feighan	Kastenmeier
Blackburn	Fish	Kazen
Blanton	Fisher	Kee
Blatnik	Flood	Keith
Boggs	Flowers	Kluczynski
Boland	Foley	Koch
Brademas	Ford, William D.	Kyl
Brasco	Fountain	Kyros
Brinkley	Fraser	Landrum
Broyhill, N.C.	Friedel	Leggett
Broyhill, Va.	Fuqua	Lennon
Buchanan	Galifianakis	Long, La.
Burke, Fla.	Gallagher	Long, Md.
Burke, Mass.	Garmatz	Lowenstein
Burlison, Mo.	Gaydos	Lujan
Burton, Calif.	Gettys	Lukens
Button	Gibbons	McCarthy
Cabell	Gilbert	McClure
Caffery	Gonzalez	McCulloch
Carey	Goodling	McEwen
Chappell	Gray	McFall
Chisholm	Green, Oreg.	Macdonald, Mass.
Clark	Green, Pa.	Madden
Cleveland	Griffiths	Mahon
Conyers	Gross	Mann
Corman	Gubser	Marsh
Cowger	Gude	Martin
Cramer	Hagan	Matsunaga
Culver	Haley	Meeds
Daniel, Va.	Hall	Melcher
Daniels, N.J.	Hamilton	Mikva
Davis, Ga.	Hanley	Miller, Calif.
de la Garza	Hansen, Idaho	Miller, Ohio
Delaney	Hansen, Wash.	Minish
Dellenback	Harrington	Mink
Dent	Harsha	Mollohan
Devine	Harvey	Montgomery
Dickinson	Hays	Moorhead

Morgan	Randall	Stratton
Morse	Rarick	Stubblefield
Moss	Reuss	Stuckey
Murphy, Ill.	Rivers	Sullivan
Murphy, N.Y.	Roberts	Symington
Natcher	Rodino	Taylor
Nedzi	Rogers, Fla.	Thompson, N.J.
Nichols	Rooney, N.Y.	Thomson, Wis.
Nix	Rooney, Pa.	Tiernan
Obey	Rosenthal	Udall
O'Hara	Rostenkowski	Ullman
O'Konski	Roybal	Vanik
Olsen	Ryan	Waggonner
O'Neal, Ga.	St Germain	Waldie
O'Neill, Mass.	St. Onge	Watkins
Ottinger	Schadeberg	Watts
Patman	Scherle	Whalen
Patten	Scheuer	White
Pepper	Schwengel	Whitehurst
Perkins	Scott	Wilson,
Philbin	Sikes	Charles H.
Pickle	Slack	Wolff
Pike	Smith, Iowa	Wright
Poage	Snyder	Wylie
Podell	Springer	Wyman
Pollock	Stafford	Yates
Preyer, N.C.	Staggers	Yatron
Price, Ill.	Steed	Young
Purcell	Stephens	Zablocki
Railsback	Stokes	Zion

ANSWERED "PRESENT"—10

Clausen, Don H.	Jonas	Pelly
Evins, Tenn.	Kleppe	Quillen
Hull	Mailliard	Ruppe
	Myers	

NOT VOTING—51

Barrett	Flynt	Mizell
Berry	Foreman	Monagan
Bolling	Giaimo	Morton
Brooks	Griffin	Passman
Broomfield	Halpern	Pirnie
Brown, Calif.	Hastings	Powell
Byrne, Pa.	Hathaway	Pucinski
Cahill	Hawkins	Reifel
Camp	Hébert	Ruth
Clay	Hogan	Sebelius
Cunningham	Jarman	Steiger, Ariz.
Daddario	Kirwan	Steiger, Wis.
Dawson	Landgrebe	Utt
Dennis	Lipscomb	Weicker
Derwinski	McClory	Whalley
Diggs	McKneally	Wold
Fascell	Mathias	Wyatt

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Utt for, with Mr. Daddario against.

Mr. Steiger of Arizona for, with Mr. Byrne of Pennsylvania against.

Mr. Morton for, with Mr. Barrett against.

Mr. Pirnie for, with Mr. Giaimo against.

Mr. McClory for, with Mr. Pucinski against.

Mr. Berry for, with Mr. Monagan against.

Mr. Broomfield for, with Mr. Brooks against.

Until further notice:

Mr. Hébert with Mr. Brown of California.
Mr. Passman with Mr. Mathias.
Mr. Kirwan with Mr. McKneally.
Mr. Flynt with Mr. Mizell.
Mr. Jarman with Mr. Reifel.
Mr. Griffin with Mr. Ruth.
Mr. Hathaway with Mr. Camp.
Mr. Sebelius with Mr. Cahill.
Mr. Dawson with Mr. Fascell.
Mr Hawkins with Mr Diggs.
Mr. Clay with Mr. Powell.
Mr. Cunningham with Mr. Derwinski.
Mr. Foreman with Mr. Weicker.
Mr. Whalley with Mr. Halpern.
Mr. Wold of Wyoming with Mr. Dennis.
Mr. Hastings with Mr. Hogan.
Mr Landgrebe with Mr. Lipscomb.
Mr. Steiger of Wisconsin with Mr. Wyatt.

Messrs. FULTON of Tennessee and FINDLEY changed their votes from "nay" to "yea."

Mr. MORSE changed his vote from "yea" to "nay."

Mr. TEAGUE of California changed his vote from "yea" to "present."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. GERALD R. FORD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 352, nays 24, answered "present" 12, not voting 43, as follows:

[Roll No. 261]

YEAS—352

Abbitt	Dennis	Johnson, Calif.
Abernethy	Dent	Jones, Ala.
Adair	Devine	Jones, N.C.
Adams	Dickinson	Jones, Tenn.
Addabbo	Dingell	Karth
Albert	Donohue	Kastenmeier
Alexander	Dorn	Kazen
Anderson, Calif.	Dowdy	Kee
	Downing	Keith
Anderson, Ill.	Dulski	King
Anderson, Tenn.	Duncan	Kluczynski
	Dwyer	Koch
Andrews, Ala.	Eckhardt	Kyl
Annunzio	Edmondson	Kyros
Arends	Edwards, Ala.	Landrum
Ashbrook	Edwards, Calif.	Langen
Aspinall	Edwards, La.	Latta
Ayres	Eilberg	Leggett
Baring	Erlenborn	Lennon
Beall, Md.	Esch	Long, La.
Belcher	Eshleman	Long, Md.
Bell, Calif.	Evans, Colo.	Lowenstein
Bennett	Fallon	Lujan
Betts	Farbstein	Lukens
Bevill	Feighan	McCarthy
Biaggi	Fish	McClure
Biester	Fisher	McCulloch
Bingham	Flood	McDade
Blackburn	Flowers	McEwen
Blanton	Foley	McFall
Blatnik	Ford, Gerald R.	McKneally
Boggs	Ford, William D.	McMillan
Boland		Macdonald, Mass.
Bow	Fountain	
Brademas	Fraser	MacGregor
Brasco	Frey	Madden
Bray	Friedel	Mahon
Brinkley	Fulton, Pa.	Mann
Brotzman	Fuqua	Marsh
Brown, Ohio	Galifianakis	Martin
Broyhill, N.C.	Gallagher	Matsunaga
Broyhill, Va.	Garmatz	May
Buchanan	Gaydos	Mayne
Burke, Fla.	Gettys	Meeds
Burke, Mass.	Gibbons	Melcher
Burleson, Tex.	Gilbert	Meskill
Burlison, Mo.	Gonzalez	Mikva
Burton, Calif.	Goodling	Miller, Calif.
Burton, Utah	Gray	Miller, Ohio
Bush	Green, Oreg.	Minish
Button	Green, Pa.	Mink
Byrnes, Wis.	Griffiths	Minshall
Cabell	Gross	Mizell
Caffery	Grover	Mollohan
Carey	Gubser	Montgomery
Carter	Gude	Moorhead
Casey	Hagan	Morgan
Cederberg	Haley	Morse
Chamberlain	Hall	Mosher
Chappell	Hamilton	Moss
Chisholm	Hammer-schmidt	Murphy, Ill.
Clancy		Murphy, N.Y.
Clark	Hanley	Natcher
Cleveland	Hansen, Idaho	Nedzi
Cohelan	Hansen, Wash.	Nelsen
Collier	Harrington	Nichols
Collins	Harsha	Nix
Colmer	Harvey	Obey
Conable	Hastings	O'Hara
Conte	Hays	O'Konski
Conyers	Hechler, W. Va.	Olsen
Corbett	Heckler, Mass.	O'Neal, Ga.
Corman	Helstoski	O'Neill, Mass.
Coughlin	Henderson	Ottinger
Cowger	Hicks	Patman
Cramer	Hogan	Patten
Culver	Holifield	Pepper
Daniel, Va.	Horton	Perkins
Daniels, N.J.	Hosmer	Pettis
Davis, Ga.	Howard	Philbin
Davis, Wis.	Hungate	Pickle
de la Garza	Hunt	Pike
Delaney	Hutchinson	Poage
Dellenback	Ichord	Podell
Denney	Jacobs	Poff
Pollock	Saylor	Tunney
Preyer, N.C.	Schadeberg	Udall
Price, Ill.	Scherle	Ullman
Price, Tex.	Scheuer	Van Deerlin
Pryor, Ark.	Schneebeli	Vander Jagt
Purcell	Schwengel	Vanik
Quie	Scott	Vigorito
Railsback	Sebelius	Waggonner
Randall	Shipley	Waldie
Rarick	Shriver	Wampler
Rees	Sikes	Watkins
Reid, Ill.	Sisk	Watson
Reid, N.Y.	Skubitz	Watts
Reuss	Slack	Weicker
Rhodes	Smith, Iowa	Whalen
Riegle	Snyder	White
Rivers	Springer	Whitehurst
Roberts	Stafford	Whitten
Robison	Staggers	Williams
Rodino	Steed	Wilson, Charles H.
Rogers, Colo.	Stephens	
Rogers, Fla.	Stokes	Winn
Rooney, N.Y.	Stratton	Wolff
Rooney, Pa.	Stubblefield	Wright
Rosenthal	Stuckey	Wydler
Rostenkowski	Sullivan	Wylie
Roth	Symington	Wyman
Roudebush	Taft	Yates
Roybal	Talcott	Yatron
Ruth	Taylor	Young
Ryan	Teague, Tex.	Zablocki
St Germain	Thompson, Ga.	Zion
St. Onge	Thompson, N.J.	Zwach
Sandman	Thomson, Wis.	
Satterfield	Tiernan	

NAYS—24

Andrews, N. Dak.	Fulton, Tenn.	Mills
	Goldwater	Mize
Ashley	Johnson, Pa.	Smith, Calif.
Brock	Kuykendall	Smith, N.Y.
Brown, Mich.	Lloyd	Stanton
Celler	McCloskey	Widnall
Clawson, Del	McDonald, Mich.	Wiggins
Findley		Wilson, Bob
Frelinghuysen	Michel	

ANSWERED "PRESENT"—12

Clausen, Don H.	Jonas	Quillen
Evins, Tenn.	Kleppe	Ruppe
Hanna	Mailliard	Teague, Calif.
Hull	Myers	
	Pelly	

NOT VOTING—43

Barrett	Fascell	Monagan
Berry	Flynt	Morton
Bolling	Foreman	Passman
Brooks	Giaimo	Pirnie
Broomfield	Griffin	Powell
Brown, Calif.	Halpern	Pucinski
Byrne, Pa.	Hathaway	Reifel
Cahill	Hawkins	Steiger, Ariz.
Camp	Hébert	Steiger, Wis.
Clay	Jarman	Utt
Cunningham	Kirwan	Whalley
Daddario	Landgrebe	Wold
Dawson	Lipscomb	Wyatt
Derwinski	McClory	
Diggs	Mathias	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Barrett with Mr. Berry.
Mr. Fascell with Mr. Morton.
Mr. Byrne of Pennsylvania with Mr. Cahill.
Mr. Hébert with Mr. Pirnie.
Mr. Passman with Mr. Reifel.
Mr. Giaimo with Mr. Broomfield.
Mr. Daddario with Mr. Cunningham.
Mr. Pucinski with Mr. Steiger of Wisconsin.
Mr. Monagan with Mr. Mathias.
Mr. Jarman with Mr. Lipscomb.
Mr. Flynt with Mr. Utt.
Mr. Brooks with Mr. Wold.
Mr. Whalley with McClory.
Mr. Landgrebe with Mr. Camp.
Mr. Hathaway with Mr. Derwinski.
Mr. Griffin with Mr. Foreman.
Mr. Steiger of Arizona with Mr. Wyatt.
Mr. Hawkins with Mr. Halpern.
Mr. Brown of California with Mr. Clay.
Mr. Kirwan with Mr. Diggs.
Mr. Dawson with Mr. Powell.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

SPECIAL REQUEST WITH RELATION TO ENGROSSMENT OF H.R. 6778

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill, H.R. 6778, the Clerk be directed to omit the last paragraph of the Bevill amendment, and be permitted to correct the designation of sections and parts thereof, cross references, and punctuation in the entire bill.

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

There was no objection.

GENERAL LEAVE

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 matter on the bill just passed.

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

There was no objection.

REQUEST FOR ADJOURNMENT TO 11 O'CLOCK TOMORROW

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

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

Mr. HALL. Mr. Speaker, reserving the right to object, may I ask for what purpose is this unusual request made after adjourning at 12:26 on Monday?

Mr. ALBERT. If the gentleman will yield, on Monday, of course, we did not have much business, as the gentleman knows. We only had the Consent Calendar read. We have only one bill left this week.

Mr. HALL. Mr. Speaker, I well know this, and I understand thoroughly the programing and the leadership's prerogatives.

I object to coming in at 11 o'clock tomorrow.

THE PRESIDENT DESERVES THE SUPPORT OF ALL AMERICANS

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

Mr. NICHOLS. Mr. Speaker, on Monday night, along with the rest of the Nation, I listened with great interest to the President of the United States while he addressed the American people on the subject uppermost in all of our minds—the war in Vietnam.

Although the President has received much support from both sides of the aisle, as well as from the American people, critics have denounced the speech for offering no new solutions or peace initiatives. These critics object to the fact that President Nixon did not announce immediate and total withdrawal of troops or withdrawal according to a preordained time table.

It is true that the President offered no startling cure-all to this most difficult and complex war. If a solution were easy to come by, we would not be faced with the present situation. It seems to me that the question is not whether the proposal is new but whether or not it is workable and will achieve its objective.

I believe that Mr. Nixon was totally candid and accurate in his prediction that total abandonment of South Vietnam would result in a blood-bath that would forever blot our history. I also agree that announcing a set schedule of troop withdrawals, independent of the actions of North Vietnam, would make the Paris talks not only untenable, but indeed, unnecessary.

The President has called on the Nation to support him and our servicemen by presenting a united front to the North Vietnamese. I do not believe that this is a political maneuver to stifle criticism; it is a sincere appeal to be allowed some flexibility in dealing with intransigence on both sides.

If there is to be a political accommodation in Vietnam, it will not come about as a result of virulent debate and dissension here in the United States. It might come about if North Vietnam is convinced that it cannot dominate South Vietnam either by force of arms or by outwaiting a war-weary America. It is ultimately the people of Vietnam who must decide their own destiny—not Congressmen or commentators or street demonstrators. Let that destiny be decided through peaceful negotiation, not mass murder.

The Vietnamese should at least have the chance for a stable and just government. The President's approach offers that chance. It is not a new approach, but it is a valid one. He deserves the support of all Americans.

THE PRESIDENT DESERVES OUR SUPPORT

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

Mr. MIZE. Mr. Speaker, President Nixon has provided a factual, thoughtful analysis of the Vietnam problem. His statement to the Nation on November 3 was restrained and responsible. His plan, to my mind, is workable and an exceptionally sensible way out of the morass that our over-involvement in the internal affairs of Southeast Asia has become.

The President, without question, has made good-faith efforts for progress on the negotiating front. He reports that these efforts have failed. Should negotiations continue to fail, the President has implemented a program of Vietnamization and American withdrawal that will leave the burden of fighting to those who must fight if freedom is to ever prevail in that far-off place.

The insurgents are logistically supported by Communist China and other adversaries of the United States. Should this support continue, the United States will have a continuing obligation to provide logistic support to the South Vietnamese Government. But the United States has no obligation to provide the brunt of the fighting force to prosecute the war. It was an unwarranted assumption of that burden that led to our present unhappy position. The President, knowing this, has undertaken to correct the error as soon as possible consistent with our overall national interest in the Pacific.

A great nation, like a giant supertanker, does not easily turn around in a very small harbor. The shoals are everywhere—the channel is narrow and cluttered with hidden obstacles. But competent masters can do the job without damage to the ship, calling upon the combined skills, competence, teamwork, and loyalty of their crew. President Nixon is our captain now and he has begun the treacherous and extremely difficult job of maneuvering the ship of state. Without the support, loyalty, and the several skills of his crew—the American people—he will surely not succeed.

If we support him, we will clear the harbor, pass over the reef, and be back in the deep water that our ship was built—over 200 years ago—to sail upon.

GI RAPS ANTIWAR "FREAKS, COWARDS"

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

Mr. TEAGUE of California. Mr. Speaker, I call to the attention of my colleagues the following letter to the editor of the Ventura County Star Free Press written by one of my splendid young constituents, Sp4c. John A. Jensen, of Ojai, Calif.

GI RAPS ANTIWAR "FREAKS, COWARDS"

Editor,
The Star-Free Press:

I have just returned from a year's tour in Vietnam. I will have to admit that I am disappointed in my country.

I have noticed a group of individuals wearing black armbands and protesting the Vietnamese conflict. But, what I don't understand is, what are they protesting and what do they have to protest? What do they know about Vietnam? What do they know about a people's struggle against Communist aggression of their homeland? What do they know of the Vietnamese soldier, who knows Charlie has him outgunned, but he goes ahead and dies anyway?

I'll tell you what they know. They know the hollow, cowardly feeling when they get a draft notice. They don't know anything! Except that they are the cowards that are left here while America's finest young men are dying against the universal enemy of every free nation—Communism.

I am on my way back to fight for what I believe in for another year. Should I be shot, I darn sure don't want some long-haired freak wearing a black armband protesting for me!

SP-4 JOHN A. JENSEN.

Ojai, Calif.

"SILENT MAJORITY" SPEAKING OUT ON VIETNAM

(Mr. KLEPPE asked and was given permission to address the House for 1

minute and to revise and extend his remarks.)

Mr. KLEPPE. Mr. Speaker, at long last, the great "silent majority" in the United States is speaking out on Vietnam. What we are hearing today is not the voice of despair but the voice of a united people in support of President Nixon's dedicated effort to bring this long and agonizing war to an honorable conclusion.

In his Monday evening address, the President said:

> Let us be united for peace. Let us also be united against defeat. Because let us understand: North Vietnam cannot defeat or humiliate the United States. Only Americans can do that.

I have joined with 154 of my colleagues in introducing a resolution affirming the support of the House of Representatives for the President in his efforts to negotiate a just peace. And I am sure the number of sponsors will continue to grow.

More importantly, an overwhelming majority of the American people are rallying behind the President's position, as is attested by the flood of favorable messages he is receiving and the public opinion polls which show the Nation is solidly behind him.

The reaction of our native North Vietnamese flag-wavers was as predictably as it is senseless. They view the President's call for an early and honorable peace as a personal affront to them and their beloved spiritual leader, the late Ho Chi Minh. They promise a November 15 War Moratorium Day which will force immediate, unilateral withdrawal of American forces in Vietnam.

At the time of the October 15 moratorium, I said it was my own belief that most of the participants were sincere in their efforts to achieve an early peace. I believe this will be generally true of those who may demonstrate nonviolently on November 15.

I cannot, however, credit many of the leaders and organizers of this movement with such noble intentions. Their purpose is to disrupt, to tear down, to destroy completely the American form of government. They are conscious agents of anarchism and communism. They want revolution and overthrow of our system. And they have nothing but chaos to offer in its stead.

Fortunately, this group is a tiny minority—a tiny but vocal minority. They receive far more attention than they deserve in the news media. Although they speak only for themselves, they seek to give the impression that they speak for the American majority.

I was appalled last evening to watch on television a band of students at one of our great institutions of learning, waving Vietcong flags and chanting their Ho Chi Minh ritual. The sheep who join in such parades could learn something by visiting a packing plant seeing a Judas goat in action.

This is a time for national unity, for full support of the President in his peace efforts. I believe such unity has been achieved. This strengthens the President's hand enormously in his quest for an early and honorable solution of the war in Vietnam. I believe this could be made even more clear to Hanoi if all thinking Americans would give the November 15 moratorium the boycott it so richly deserves.

OEO LEGISLATION

(Mr. SCHERLE asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. SCHERLE. Mr. Speaker, since the House Committee on Education and Labor is presently engaged in considering the $2 billion-plus OEO bill, it is appropriate that I call attention to the following letter I read to the committee and personally delivered to our chairman (Mr. PERKINS):

CONGRESS OF THE UITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., November 4, 1969.

Hon. CARL D. PERKINS,
Chairman, Education and Labor Committee, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you so much for your letter of October 29th agreeing with me that the witnesses wishing to testify before the Committee on the extension of the Office of Economic Opportunity should be heard. I do have several questions, however, about procedure.

You indicated that since the Committee is in the process of marking-up the bill, the witnesses could not be heard before work on the bill is completed. Surely this must be in error. I find it hard to imagine that you, as Committee Chairman, would abrogate the responsibilities of the Committee by hearing important witnesses after the bill has been sent to the full House. What constructive purpose would this serve?

Certainly you would want to have these hearings published and available to the members of the Committee for their consideration before final Committee action on the legislation. Otherwise, I can only see the calling of these witnesses as an exercise in semantics and a disillusioning experience to the witnesses who would surely feel the futility of such an exercise.

While I appreciate your feeling that 75 pages of testimony by the representatives of the Governors have been a valuable contribution to the deliberations of the Committee, careful rechecking of the record shows that over 50 pages is not "testimony" in the sense of Committee participation in the exchange of ideas, but rather a simple reprint of prepared statements and reports.

Mr. William Ford noted that only one state Governor has appeared personally before the Committee to express his views on the operations of OEO. I cannot help but feel that the Committee should eagerly seize any opportunity to hear from more state officials who wish to present their views to the Committee personally, especially since none of the recommendations by the Governors or their representatives has been adopted.

This Committee is asked to consider a two-year extension of the Office of Economic Opportunity with the expenditure of over four billion dollars in public funds. Any program which has drawn as much nationwide criticism as this one has, needs not only a true picture presented to the Congress but the full picture, which can only be obtained by giving state officials our full and undivided attention.

The Governors have asked for a more active role in the operations of the Office of Economic Opportunity. They wish to be able to coordinate the work being done by OEO with the state programs, in hopes of achieving maximum efficiency and effect. They wish to be involved in planning, not just relegated to a position of vetoing a whole program, because no item veto is permitted, when prior consultations on the state level would have insured a program aligned to the state-wide needs and worth of acceptance and support. The Governors have requested that programs funded through institutions of higher education be brought under their veto to prevent circumvention of the intent of the OEO enacting legislation which permits the veto by the Governors in the first place.

As long as these objections exist and are valuable to the future of the whole OEO program, we in Congress cannot afford to ignore any official who wishes to testify. Only by being totally informed can we properly discharge our responsibilities.

I hope to hear from you that witnesses who have indicated their desire to be heard will be scheduled for hearings before the Committee for a full dialogue, prior to final Committee action, so that they may contribute to our deliberations and assist in writing legislation benefiting those for whom this program was designed.

Sincerely,

WILLIAM J. SCHERLE,
Member of Congress, Seventh Iowa District.

SELECTIVE SERVICE SYSTEM REFORMS

(Mr. ARENDS asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. ARENDS. Mr. Speaker, on October 29, 1969, the House of Representatives overwhelmingly approved H.R. 14001, a bill which when enacted into law, will enable President Nixon to fully implement his proposed reforms in the Selective Service System.

The action taken by the House of Representatives was in direct response to an urgent request from the President of the United States that Congress provide him, at the earliest possible date, with the necessary legislative authority to accomplish these objectives.

You will recall that on May 13, 1969, this matter was initially called to the attention of the Congress of the United States. Subsequently, on October 13, 1969, this matter was initially called to the attention of the Congress of the United States. Subsequently, on October 13, 1969, the President reiterated and reemphasized the urgency which he attached to the early implementation of essential draft reforms.

Despite the heavy legislative schedule of our Committee on Armed Services, action was initiated by the committee to enable the House of Representatives to act quickly and expeditiously on the President's legislative request.

Hearings on the President's legislative proposal revealed that no responsible individual or organization opposed the President's draft reform recommendations.

As a matter of fact, these reforms were strongly advocated and endorsed in the testimony provided the Committee on Armed Services.

Every Member of Congress who appeared before the committee, as well as individual organizations such as the American Legion, the American Veterans Committee, the American Council on Education, and the Association of American Universities strongly supported the provisions of H.R. 14001.

Stated another way, during committee hearings, it became evident that H.R. 14001 and the President's proposed draft reforms represented an almost universally agreed upon change in the draft system, a proposed reform and improvement that all draft critics conceded was necessary. The hearings also revealed that many of these witnesses did advocate other reforms in the draft. However, most significantly, none of these other proposed reforms elicited any similar consensus of agreement.

The President's proposed reforms were therefore quickly endorsed by the Armed Services Committee and received the approval of this body.

Although House Members have demonstrated most clearly their concern with the reform of the draft law by acting expeditiously on the President's proposal, there appears to be little evidence that the Members of the Senate share this conviction.

Despite the fact that the clamor for draft reform has been loudest in the Senate, that body now appears reluctant to act on even the noncontroversial draft reforms recommended by the President.

Some of the more distinguished Members of the other great deliberative body have now indicated that there is insufficient time to act on the President's proposal this year. The majority leader has reportedly said that it "was impossible to achieve a consensus" between those Senators who support the President and others who want more thoroughgoing reforms; and hence, draft reform legislation cannot be considered.

Apparently, despite the pious pontifications that we have heard uttered by Members of the other body on the necessity for draft reform, there will be no action in that body on the subject this year.

I share the dismay of the vast majority of Americans who with the President of the United States feel a sense of urgency regarding the draft reform proposals advanced by him.

I find it inconceivable that the gentlemen in Congress who are most critical of the current draft system find it somehow impossible to direct their legislative energies toward correcting these deficiencies.

I find it incredible that the other body is unable to find the time to respond either affirmatively or negatively to a simple one-line legislative proposal which had been speedily acted upon and passed by the House of Representatives.

Am I to assume that that great deliberative body is so involved in its time-consuming perorations that it has subordinated its constitutional legislative responsibilities to a secondary and minor role?

Why, of course not—that cannot be the problem. Then what is the problem?

Some say that the Senate refuses to act on the President's legislative request because of political considerations. If that is the case, which I trust it is not, I am more perplexed than ever, since I have heretofore been led to believe that the Members of the other body have treated "politics" as a matter exclusively reserved to this side of the Capitol.

In any event, the subject of the draft is too serious and important a problem to be left unanswered by the Senate.

I share the views which have been expressed by the news media throughout the country to the effect that the Congress should act now on the President's proposed draft reforms and then, after it has disposed of this issue, go back to "overall reform considerations and debate the matter to their heart's content."

I agree with the Washington Evening Star when it said that "in this case the Senators should get off their prerogatives and act to remove one of youth's justified complaints against the establishment."

Let us hope that the distinguished majority leader of the Senate will find it possible to have that body be responsive to the needs of the young men of our Nation and pass the President's bill, H.R. 14001, before January 1, 1970.

The Star article follows:

POLITICS AND THE DRAFT

The Senate Democratic leaders should think again about their decision to block the administration's proposal for limited draft reform. They should reconsider—and they should follow the lead of the House which approved the measure 382 to 13.

There is no doubt about the leadership's ability to bottle up the legislation. If Senator Mansfield says it will not move this year, it will not move. There must be a strong temptation to use this simple means to embarrass the administration. But it is a temptation that should be resisted.

The leadership's arguments in favor of procrastination are not very persuasive. The limited measure, which would permit the use of lottery procedure in the draft, was attacked by Senator Kennedy as a fraud on the young because it would not cure all the ills of the present system. Mansfield argued that action is impossible in this session because there is no time to reconcile the struggle between those who favor the administration move and those who want far-reaching reform of the draft laws.

No one in the administration has argued that the plan to pick 19-year-olds first under a lottery system is a cure for all the inequities of the draft. No one has presented the proposed amendment to the present law, which would remove the prohibition against a lottery, as an alternative to further sweeping reform in the next session of Congress.

It is not an either-or situation. The amendment should be passed now so that the most glaring inequities in the present law can be promptly eliminated. Then Congress should start the lengthy and complex debate on over-all reform.

The siren song of easy political gain is always a strong temptation. But in this case the apparent advantage may be wholly illusory. It is quite possible that the young voters-to-be will remember just who it was that blocked the way when a measure of relief was in sight, and will act accordingly.

PROBLEMS CONFRONTING AIR CARRIER INDUSTRY

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

Mr. TIERNAN. Mr. Speaker, as a member of the House Interstate and Foreign Commerce Committee, I am aware of some of the problems confronting the air carrier industry and its need for some fare increases to meet escalating costs, but the interests of air travelers or consumers should not be downgraded in the exercise. It was heartening to note, therefore, that in a recent address to some top airline representatives, Robert T. Murphy, member of the Civil Aeronautics Board, spoke up for the passenger. Mr. Murphy set forth a cogent "bill of rights" for the air traveler. The Washington Star devoted a special article to this speech on Sunday, October 19.

In the course of his remarks, Mr. Murphy also expressed his concern about the impact of recent fare increases on the average, nonbusinessman traveler in short-haul markets under 400 miles where almost 50 percent of all air travel is conducted. I am glad to know that my fellow Rhode Islander, Bob Murphy, is keeping the welfare of the average man in mind in his approach to the complex regulatory problems confronting the Civil Aeronautics. I congratulate him for this effort.

Without objection, I submit for insertion in the RECORD, Charles Yarbrough's column of Sunday, October 19, entitled "Voice from High Places" as well as the text of Mr. Murphy's speech of October 16:

AIR TRAVELER GETS "BILL OF RIGHTS"

(By Charles Yarbrough)

The commercial airplane has been around a long time, as witness the recent 50th anniversaries of KLM Royal Dutch Airlines and Holland's Fokker Aircraft Co.

But only now has someone come up with a "Bill of Rights" for the people who ride in them.

Civil Aeronautics Board Member Robert T. Murphy had a proper audience when he handed down The Bill last week before a meeting of Washington-headquartered Association of Local Transport Airlines (ALTA).

The regional carriers were holding a full quarterly meeting in Amsterdam to help sell the "Visit U.S.A." program.

Sure to warm the hearts of every air traveler, this is the Murphy Bill of Rights:

1. To travel in safe, modern, comfortable aircraft.

2. To have his reservation honored when he arrives at the airport.

3. To know as soon as possible when his flight is to be canceled, delayed or diverted and to get a straight story when this has to be done.

4. To depart at the scheduled time and arrive on time.

5. To transportation at a reasonable charge.

6. To recovery of his baggage intact when the journey is completed.

"These," Murphy said, "are but a minimum of basic standards which a passenger has a right to expect of the industry.

"I am sure," he added, "others can think of more and perhaps express them more eloquently than this, but I venture to say that fulfillment of this modest 'Bill of Rights' for the airline passenger would eliminate more than 90 percent of all the complaints which are filed by irate travelers with the board."

Earlier, Murphy and C. Langhorne Washburn, director of the Commerce Department's United States Travel Service, launched a Travel Service and ALTA Travel Workshop and Seminar in Amsterdam.

High on the attractions dangled in the presentation was assurance that the foreign visitor to this country will again find the $150-for-21-days fare will be continued on the ALTA systems in this country. For this, Murphy commended the airlines heartily.

He noted his dissent "from the recent adoption of so-called fare formula and urged that the carriers hold the line on any increases in markets under 400 miles."

His view, he emphasized, "was based not on the ground that carriers' costs are not increasing. Certainly they are, and it would be hiding our heads in the sand to think otherwise.

"The board has been made painfully aware of the pressing financial difficulties facing some of the local carriers.

"However, I objected to the further increase in short-haul fares because I am deeply concerned by the potential adverse effects of the fare formula upon the traffic and the revenues of the local carriers.

"While the formula seeks to improve airline revenues generally, it is my great fear that this new increase in short-haul markets on top of a nearly 10 percent fare hike last February plus another imminent increase in the form of a passenger tax for airport and navigational facilities will simply price the local carriers out of many markets.

If it doesn't price the carrier right out of the short-haul markets, at least it will limit the availability of such service principally to the free-wheeling businessman with the elastic expense account.

"I fear," he said, "more and more of your customers will be relegated to the crowded highways or the fast-vanishing rail services, or, perhaps, the long-distance telephone."

ADDRESS BY THE HONORABLE ROBERT T. MURPHY, MEMBER, CIVIL AERONAUTICS BOARD, BEFORE THE FALL QUARTERLY REGIONAL MEETING, ASSOCIATION OF LOCAL TRANSPORT AIRLINES, AMSTERDAM, THE NETHERLANDS, OCTOBER 16, 1969

Once again I am privileged to address a Quarterly Meeting of the Association of Local Transport Airlines. The occasion for your meeting here in Amsterdam is a special one. I note that this is the second "Visit U.S.A." travel promotion which you have sponsored in cooperation with European governments and their flag airlines and it coincides with the celebration of the 50th Anniversary of two of the most famous industrial institutions in The Netherlands, KLM and Fokker Aircraft Company. The participation of C. Langhorne Washburn, the Director of the U.S. Travel Service, in this meeting further underscores the importance of the occasion to our national interest.

I am fully aware of the great contribution which KLM has made, not only to the Dutch nation, but also to world air transportation generally because of the frequent contacts which I have had with it in connection with air transport negotiations with the United States in which I have served as a representative of the Civil Aeronautics Board. It is a respected, resourceful competitor with an enviable record of achievement.

Founded in October, 1919, KLM inaugurated scheduled international air service in the spring of 1920. Its first scheduled flight brought two journalists from London to Amsterdam and I am told that this particular route is the oldest air connection in the world still operated by the same carrier. Following shortly afterward, KLM introduced service from Amsterdam to Brussels in 1922, Paris in 1923, Copenhagen and Sweden in 1926 and in 1929 introduced regular intercontinental air service between The Netherlands and Jakarta. The journey at that time took 12 days. By 1929 KLM had a fleet of 20 Fokker single-engine and tri-motor aircraft.

Perhaps you of ALTA who, many years later, went through some of the same difficulties of launching new airlines are the ones best able to appreciate what fortitude was required in those early days to establish an airline. KLM's routes now fan out across the world. It stands as a marvelous tribute to the indomitable spirit of the Dutch people. As a negotiator for the United States, I have a particular reason to admire KLM. In all of their operations they are dedicated, as we are, to a system of free competition on the air routes of the world. Like us, they are staunch supporters of the Bermuda capacity principles and, like us, they agree that those principles should govern the conduct of international air service.

Simultaneous with KLM's Golden Anniversary our hosts are also marking the 50th Anniversary of another one of their outstanding industrial enterprises, the Fokker Aircraft Company. From the early days when young Anthony Fokker re-established his company here in Amsterdam through the years when his tri-motor competed in world markets with the Ford tri-motor, the name Fokker has been synonymous with superior aircraft. You gentlemen of ALTA know the company's product well. The first F-27 manufactured under license to Fairchild came into service on the former West Coast Airlines in September, 1958, and at the latest count 81 F-27s and FH-227 aircraft were in service on U.S. local service airlines. We at the Board are not unmindful of the rugged efficiency and effectiveness of these famed aircraft. I therefore join the members of ALTA in saluting KLM and Fokker on this, their Golden Anniversary.

Earlier today, in association with Mr. Washburn, I participated in the launching of a U.S. Travel Service and ALTA Travel Workshop and Seminar on Travel. I took the occasion there to "bend the ear," so to speak, of our Dutch hosts and travel agents in support of travel to the United States. I told them as much as I could about the plan which you introduced several years ago aimed at encouraging foreign visitors to come to the United States. I told them about the "Visit U.S.A." air fares of the local service airlines and explained to them how this unusual travel bargain would enable citizens of The Netherlands and other countries in a short visit to the United States to see a significant part of our country as a price they can afford. I told them that for $150 foreign citizens are entitled under the "Visit U.S.A." fare to unlimited right to travel for a period of 21 days to any number of the over 500 points in the United States served by the local service carriers. I want to tell you tonight that the U.S. Travel Service has advised us of their continuing support for this fare and speaking for myself, at least, the fare continues to be an important aid to our policy of encouraging transport to and within the United States. I was delighted, therefore, to see that on September 12th you filed an agreement extending these tariffs so that all of the local service carriers and Alaska Airlines will continue to offer the "Visit U.S.A." fares for another full year. You are to be commended. These fares are in the national interest of our country and I was pleased to concur in the order approving your agreement just before I left Washington.

Let me turn to some significant current actions directly affecting the local carriers: First, the fare increase; second, the route strengthening program; third, the developing role of the scheduled air taxi or commuter airlines as a partner of the local carriers; and finally, the rate prorate question.

In regard to fare increases, as you know, I dissented from the recent adoption of a so-called fare formula and urged that the carriers hold the line on any increase in markets under 400 miles. I differed likewise as to the amount of the fare increase in markets over 400 miles. My view was based not on the ground that carriers' costs are not increasing. Certainly they are, and it would be hiding our heads in the sand to think otherwise. The Board has been made painfully aware of the pressing financial difficulties facing some of the local carriers. However, I objected to the further increase in short-haul fares because I am deeply concerned by the potential adverse effects of the fare formula upon the traffic and the revenues of the local carriers. While the formula seeks to improve airline revenues generally, it is my great fear that this new increase in short-haul markets on top of a nearly 10 percent fare hike last February plus another imminent increase in the form of a passenger tax for airport and navigational facilities will simply price the local carriers out of many markets. If it doesn't price the carrier right out of the short-haul markets at least it will limit the availability of such service principally to the free-wheeling businessman with the elastic expense account. I fear more and more of your customers will be relegated to the crowded highways or the fast vanishing rail services or, perhaps, the long distance telephone. Such a result is a discrimination against the average American and is at variance with public interest concepts of a truly adequate air transportation system available to all segments of the community at reasonable rates. Moreover, it seems to me that the enforced reduction of certain long-haul fares in markets where the value of service is greatest—an anomaly produced by the application of the so-called formula—deprives trunks of revenues which could be applied to a more equitable division of interline settlements with the local service carriers.

On the matter of route strengthening, the Board's program, as you know, is moving along at a rapid pace. So far, you might say that 1969 looks like a banner year for new route authorizations for the local service carriers. Air West has obtained substantial new authority this year between Salt Lake City and Seattle. Allegheny's route has been amended to grant new authority between Boston, Pittsburgh and Memphis; Frontier has received new, large awards in the Pacific Northwest-Southwest, the Service to Albuquerque and the Gulf States Cases; North Central has received new Denver-Minneapolis authority; Ozark's routes have been extended to Washington, D.C. and New York as well as from St. Louis to Dallas; Piedmont has been granted entry into Chicago; Southern's routes have been realigned and it has been granted nonstop Memphis-New Orleans and Memphis-Chicago authority and Texas International has received broadened authority in the Pacific Northwest-Southwest and Service to Albuquerque Cases.

In addition to these new grants, the Subpart M cases have been rolling along at a rapid rate. Since we introduced this new procedure 21 months ago for expedited handling of applications to remove unnecessary operating restrictions, 42 applications have been docketed. These have resulted, so far, in 17 approvals of the requests. Some 15 have been denied or dismissed and 10 are awaiting disposition.

The Subpart M procedure has lived up to our expectations. Of the applications approved, the proceedings varied in length from three months for the removal of a restriction on Mohawk's Syracuse-Cleveland operations to 14 months for improving Allegheny's authority between Indianapolis and New York. The average processing time—from date of application to date of final Board decision—was a little over seven months which I think is a pretty good record considering the fact that in all but four of the approval cases, a hearing was necessary. I believe this record is a tribute to the diligence of our staff, your counsel and I even suggest it attests to the wisdom of the Board in promulgating Subpart M. You have estimated and the Board has agreed that there will be substantial reductions in subsidy need as a result of the route strengthening and Subpart M proceedings completed this year. These new authorizations promise to have a dramatic favorable effect on the character of your service. This strengthen-

ing of your route structure will make it possible for you to spread terminal and ground costs and indirect costs over a much broader and efficient route system which, in turn, should enable you to operate more profitably.

Another significant development on the local airline scene in the past year has been the increasing number of proposals which some of you have filed to substitute air taxi operators on certain low-density routes as a means of cutting expenses and and reducing subsidy requirements. It is of interest to note that in recent years we have authorized some 20 of these substitutions for trunk as well as local service carriers. A number of such applications are still pending. From the information which you have submitted to us it would appear that in most cases the service to these smaller communities can be very much improved as a result of such substitutions. So far, I believe Allegheny has led the way in this area and I am sure that many of you are closely observing this phase of their operation with a view toward determining whether similar service could be of value in various parts of your own systems. I would caution you, however, that not all small communities or low-density routes will lend themselves to this kind of operation. The complete understanding and support of the communities affected are essential to their success. There must be assurance that the substitute service will be performed by a sound, economic, capable substitute carrier operating appropriately attractive, modern aircraft in accordance with the highest standards of safety. The public must have confidence that your long record of competence in the scheduled airline service will stand behind any company acting for and on your behalf.

The last of significant actions taken this year affecting local carriers relates to the rate prorate question. Although I dissented to the Board's recent action in the matter of fare increases, there was one aspect of the Board's order with which I fully concurred. The Board stated in the order that the present division of through fares as between the long-haul and short-haul carriers may be resulting in an inequitable distribution of revenue to the short-haul carrier. The Board therefore directed that the local and trunk carriers include, in discussions previously authorized, the matter of division of fares between them. We said that we favored a division more closely oriented toward actual costs of the respective carriers involved and that there may be considerable merit in the approach proposed by Mohawk Airlines. Under Mohawk's plan, an amount would be apportioned to each party to a through fare equal to the terminal charge in the formula and the remainder of the fare would be apportioned between the parties in accordance with the normal rate prorate. We indicated that in reviewing tariffs to be filed for effectiveness after February 1, 1970, we would give great weight to the implementation of a more satisfactory division of interline revenues that would reflect the cost and value of service considerations inherent in long-haul versus short-haul pricing. Your distinguished General Counsel and Executive Director, General Joseph P. Adams, has a special connection with this subject. I find that in the spring of 1956, while a Member of the Civil Aeronautics Board, he authored a thought-provoking article in the Journal of Air Law and Commerce in which he urged that the local carriers' share of interline revenues be increased in recognition not only of their need for added revenues and the higher cost nature of the local service operations, but also in keeping with their promotional value to the trunklines. It is also worthy of note that as early as 1958 my distinguished colleague, G. Joseph Minetti, in an address to your organization in Honolulu urged the carriers to explore the question of whether a redistribution of interline fares would not benefit the local carriers, the trunklines and the taxpayers alike. Our recent action, therefore, is but a culmination of the thinking expressed by these competent aviation experts and others over the years. I have no preconceived notion as to how the matter should be worked out and I have no magic formulas to advance for apportioning the fares between the locals and the trunks. This I leave to the fertile minds and honest judgment of the carriers.

Let's talk about the passenger for a moment. Our Board, as a public institution must be a tribunal of all the people—the airline passenger as well as the airline service organizations. This year the passenger has been called upon to pay more for his air transportation in terms of fare increases than in any other single 12-month period in recent history. As a member of the public, as an individual consumer, the air traveler should be able to expect certain standards of service in return for his higher cost airline ticket. A representative sampling of some of these considerations emerges as a "Bill of Rights" whose guarantees are either born of logical expectations or evolved through years of collective airline passenger experience. It seems to me that he has the right:

1. To travel in safe, modern, comfortable aircraft.
2. To have his reservation honored when he arrives at the airport.
3. To know as soon as possible when his flight is to be canceled, delayed or diverted and to get a straight story when this has to be done.
4. To depart at the scheduled time and arrive on time.
5. To transportation at a reasonable charge.
6. To recovery of his baggage intact when the journey is completed.

These are but a minimum of basic standards which a passenger has a right to expect of the industry. I am sure others can think of more and perhaps express them more eloquently than this, but I venture to say that fulfillment of this modest "Bill of Rights" for the airline passenger would eliminate more than 90 percent of all the complaints which are filed by irate travelers with the Board.

In conclusion, let me compliment you for your continued support of the "Visit U.S.A." program—a project of national interest which you pioneered in this industry. Let me wish you every success in maximizing the profitability of your operations under the many new route authorizations which the Board has recently conferred upon you. And, finally, let me exhort you to reach new levels of achievement in standards of service to the traveling public.

INSPECTION OF EGGS AND EGG PRODUCTS

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

Mr. PURCELL. Mr. Speaker, I am today introducing legislation to provide for a better national system of inspection of eggs and egg products. Joining me in introducing the bill are the gentleman from Washington (Mr. FOLEY) and the gentleman from Iowa (Mr. SMITH).

Because the subject matter of the bill, inspection of eggs and egg products will perhaps seem novel to some, I wish to take this opportunity to comment on the bill, and the problem to which it is addressed.

The problem of eggs and egg products infected by salmonellosis moving into consumer channels has not received the attention it deserves from industry, State and local governments, or the Federal Government. While not the sole carrier of salmonellosis, infected eggs and egg products contribute in major proportion to what has been called by the National Research Council of the Academy of Sciences one of the most important communicable disease problems in the States today—a disease which, in addition to the fatalities and illnesses that have accompanied its outbreaks, has cost the American economy nearly $300 million annually. The ease of transmission of salmonella sickness has resulted in its characterization as a "potential threat to every resident of the country."

Far too long it has been taken for granted that eggs are automatically what they appear to be, without proper verification: a safe, nutritious food with little danger of contamination through the circumstances and dirty environment that may accompany its production. Additionally, few people today are aware that the shell of an egg is porous, that if eggs are graded and washed at an excessively high temperature, the dirty wash water can actually penetrate through the shell, carrying the attendant impurities and possible disease bacteria into the egg itself.

But the primary danger attendant to processing or selling eggs for final human consumption lies with those eggs which can be classified as "leakers," "checks," "dirties," "loss," or "incubator rejects."

"Leakers" are eggs that have cracks or breaks in the shell membrane to the extent that the egg contents are exposed or exuding. "Checks" are eggs that are broken but retain an intact shell membrane so that the contents are not actually leaking. "Dirties" are eggs that have adhering dirt or foreign material. "Loss" are eggs unfit for human food due to having been smashed or broken—such eggs are still often processed for use in making other human foods by plants known in the trade as "breaking plants." "Incubator rejects" are those eggs which have been subjected to incubation but removed from the hatching operation as being infertile, containing a dead fetus or otherwise unhatchable.

Such eggs are, according to the Department of Agriculture in a December 1968 memorandum, "frequent carriers of salmonella and other bacteria." Salmonellosis is one of the major food-borne illnesses affecting man. This and other pathogenic bacteria are carried on the shell of the dirty egg and can be a source of contamination when the egg is broken. In addition, bacteria can enter the egg through the broken shell or crack in the shell. In the case of a "leaker," salmonella can be readily picked up by the exuding contents.

Few housewives will buy, or even have the opportunity to buy, an egg classified as "loss." However, this does not mean that their families will never consume such an egg. According to the Department of Agriculture—

Rejects and loss or inedible eggs are unfit for human food and are not generally sold into consumer channels in shell form, but they can move to breaking plants and be incorporated into liquid, frozen, or dried egg products.

Serious massive outbreaks of sickness have been the direct result of a "multiplier" factor inherent in movement of an unsound egg into a food processing operation. In New York a kosher imitation ice cream utilized contaminated frozen egg yolks which were traced to an unpasteurized product manufactured locally in New York City—a company which, according to a report of the National Communicable Disease Center, relied almost exclusively on "checked" eggs. The result: Of approximately 3,300 persons who attended several banquets at which the ice cream was served, an estimated 1,888 persons were victims of an outbreak of febrile gastroenteritis in New York, New Jersey, Connecticut, and Maine. Each outbreak occurred 1 to 3 days after the dessert was served. Fifty-four percent of all people attending the banquets developed diarrhea, abdominal pain or cramps, fever, chills, headache, nausea, and vomiting.

In commenting on this incident, the editor of the compilation of reports on this outbreak had this comment:

Unpasteurized egg products made from pooled checked eggs are prime vehicles for salmonella contamination. Although the United States Department of Agriculture has recently passed regulations requiring pasteurization of all egg products, these regulations pertain only to interstate products, and the regulation of egg products with exclusively intrastate distribution is dependent on the individual states.

Other outbreaks of salmonella infection in nursing homes, schools, Air Force bases, farm families, or other normal American families have been the direct result of contamination through consumption of unwholesome eggs or egg products. Even a cursory examination of reports prepared by the National Communicable Disease Center's Salmonella Surveillance Program indicates the necessity for meaningful action.

An outbreak of hospital acquired salmonellosis which affected geriatric patients at a Kansas nursing home was traced directly to eggs purchased by the hospital from one of three egg wholesalers in the area. Outbreaks such as this present a dismaying fact about the opportunities for salmonellosis; those institutions such as hospitals and nursing homes which are devoted to preserving health seem particularly susceptible to bad eggs which apparently may have been diverted away from the present voluntary egg inspection programs of Federal and State Governments.

Other incidents of group infection are readily available: In 1966, in the State of Oregon alone, over 90 cases of *Salmonella saint-paul* occurred within three months as a result of consumption of custard and cream-filled bakery products. Egg products supplied to the various bakeries from four different plants in two States were found to check positive for the same strain of salmonella which sickened the victims.

Homemade ice cream made with raw eggs was implicated in cases of group infection and subsequent illnesses in Kansas, North Carolina, and Ohio last year. One of the cases, occurring at Seymour Johnson Air Force Base, indicated such a high density of salmonella in vanilla ice cream made with eggs that it was sufficient to contaminate nearby strawberry ice cream which was previously wholesome, merely through use of common serving utensils. Ice cream was again infected through bad eggs in a 1968 case which caused illness in 13 or 14 guests at a social gathering in Ohio.

Additional cases have included outbreaks in schools, such as occurred in New York in 1967 where an estimated 250 persons, students and teachers, became violently ill as a result of egg salad served at two different meals. Death resulted from drinking egg nog made with salmonella infected eggs in a farm family in Oregon; three welfare recipients were found dead in Washington State in 1965 after they had consumed salmonella tainted dried eggs from the State's surplus food program.

Mr. Speaker, I could spend a great deal more time in detailing these and the many other reports that exist that prove beyond the shadow of a doubt the necessity that we do something about the problem. Last year I saw an estimate which indicated that illness and death due to bad eggs were fully as substantial a threat to the public health as unwholesome fish and fish products. Frankly, I am not convinced the situation may not be worse, when we take into account unreported but estimated sickness that has occurred as the result of the consumption of infected egg products—for example, I am told that in the kosher dessert case which I mentioned, the Public Health Service estimated that the total number ill as a result of salmonella infection may have run as high as 21,000 persons.

There is every reason to believe that even now an epidemic of this magnitude could break out again—inspection procedures and laws have changed little within the last 2 years. There is no requirement for continuous Federal inspection of either egg breaking or processing plants or of shell egg grading operations. Only eight States currently require pasteurization of egg products. While many noninspected plants may have the most modern and up-to-date equipment and facilities, including pasteurizers, the products they produce can contain loss or inedible eggs which are unfit for human food. These noninspected products compete unfavorably with sound, wholesome inspected products.

Due primarily to the cost of the raw material, noninspected products may sell from 2 to 10 cents per pound, or nearly one-third less than inspected products, according to estimates from the Department of Agriculture. It must be acknowledged that in today's marketplace, this represents a potent economic stimulation toward questionable practices. Another economic factor which deters wholesome egg products is the fact that under the present voluntary Federal inspection program, it is the inspected plant itself which must pay for the cost of inspection, presently estimated at approximately $10,000 per year.

Mr. Speaker, we should logically ask what sort of inspection programs are currently in effect which allow outbreaks such as those I have mentioned. Accordingly, let me review for all concerned the present status of State and Federal egg and egg products inspection programs:

SHELL EGGS STATE PROGRAMS

The laws in approximately three-fourths of the States, prohibit the sale of shell eggs to consumers which would be classified as leakers, loss, inedibles, and incubator rejects. About one-half of the States prohibit consumer sales of dirties and "nest-run" or uncandled eggs. Twenty-two of the States prohibit the sale of checks to consumers, except for the tolerances permitted in their grades. Generally, the laws are more lenient on the sale of these eggs to institutions, restaurants, or food manufacturers such as bakeries.

Thirty States use the U.S. Department of Agriculture regulations as a basis for their standards, grades, and weight classes for shell eggs. Ten of these State laws provide for automatic changes in their standards to coincide with any changes which may be made in the USDA standards. The standards for the remaining 20 States are similar in many respects to USDA's, except that they may provide for different or additional grades, varying standards or different weight classifications.

ENFORCEMENT

The States indicated that they use about 676 people for a total of 293 man-years in their shell egg law enforcement work. This ranged from 24 man-years being used in enforcement work in one State to none in another State and involved as many as 52 visits per year at plant and retail level in one State to no visits in one State. Several States indicated that their enforcement work is limited to the retail level, and no inspections were made at the grading plants.

USDA VOLUNTARY GRADING SERVICE

There were 310 applicants using continuous resident grading service during fiscal year 1968, in addition to thousands of fee gradings. This amounted to about 29 percent of the eggs sold off farms being graded or regarded under USDA supervision by State or Federal-State graders. This grading program is carried out by cooperative agreements with 48 States and one national trade association.

EGG PRODUCTS

STATE INSPECTION PROGRAMS

Based on recent information received from the States for fiscal year 1968, there are 706 non-USDA processing operations, including farm operations, that produce egg products. This includes 697 breakers, liquid and frozen, four driers, and five combination breakers and driers. Of these plants 636 are relatively small and produce only 37 million pounds of the more than 800 million pounds of product produced in the United States annually.

Most States do not have specific laws which are applicable to egg products inspection.

No State requires continuous inspection of egg products during all processing operations. Only eight States require that liquid or frozen egg products be pasteurized—absolutely necessary to insure a wholesome product. Only 34 of the States prohibit the breaking of loss, inedible, and incubator rejects for use as human food. Less than half of the States require the denaturing of inedible egg product, and only 11 States require any special labeling of this product.

Five States do not have any type law or regulation concerning egg products at all. All other State egg products inspection programs are conducted under either general food laws or mandatory laws, which may also include a voluntary inspection program.

GENERAL FOOD-TYPE INSPECTION LAWS

Twenty-six States indicated they had approximately 147 non-USDA plants producing about 189,564,600 pounds of product and have general food-type sanitary inspection programs which are authorized by public health laws or general food processing laws. These laws usually pertain to all food processing and food preparation establishments. Pasteurization is required under only two of these general laws. The total number of man-years used in egg products inspection work under general food-type laws is approximately eight.

MANDATORY INSPECTION LAWS

Eighteen States have mandatory egg products laws. They reported having 544 non-USDA plants producing about 106,240,000 pounds of products. Seven of these States have operating and sanitary requirements that are comparable to USDA requirements; however, continuous resident inspection is not required. Only six States which have mandatory laws require pasteurization. The total number of man-years used in egg products inspection work under mandatory State egg products laws is approximately 34.

VOLUNTARY INSPECTION PROGRAMS

Eight States with voluntary egg products programs reported having twenty-four non-USDA plants producing 11,785,000 pounds of product. Three of these States also have mandatory laws, and five have general food-type laws. These States use a total of 21 man-years in administering their programs.

One of these States has continuous resident inspection for plants when producing "inspected" products (pasteurization required). Plants desiring to produce "A" quality products in this State have continuous supervision only during production of such product—pasteurization is not required.

ENFORCEMENT

Thirty-two States indicated they used 421 employees for a total of 42 man-years in their egg products law enforcement work. This ranged from a total of 1 or 2 days a year being devoted to egg products inspection work in a few States to 15 man-years in one State. Fifteen States spend no time on egg products inspection work.

U.S. DEPARTMENT OF AGRICULTURE

There were 98 plants using the USDA continuous voluntary inspection service in fiscal year 1968. These plants produced 537,847,000 pounds of liquid and frozen product, and 50,150,000 pounds of dried product during this period. The U.S. Department of Agriculture inspects about 72 percent of the total U.S. liquid and frozen egg production, and 76 percent of the dried egg production. About 20,039,000 pounds of product were found to be unsatisfactory for use as human food and were denatured to deter its use as human food under this program. The USDA program requires plant approval, specifies operating procedures, requires that all egg products be pasteurized to kill the harmful viable micro-organisms, and provides for the systematic testing of the finished product.

FOOD AND DRUG ADMINISTRATION

The Food and Drug Administration spot checks or makes intermittent inspections of egg products processing plants and products involved in interstate commerce. These checks may include the plant premise, facilities, and operations, and random sampling of products produced in these plants, either on the plant premise or after entry into commerce. The Federal Food, Drug, and Cosmetic Act, as amended, prohibits the introduction into interstate commerce of adulterated, misbranded, or decomposed eggs and egg products which are capable of use as human food, and requires all edible egg products in commerce to be pasteurized. Standards of identity and approved glucose-removing procedures have also been developed for certain egg products. The standards of fill of containers and the labeling requirements of the Fair Packaging and Labeling Act for eggs and egg products are also administered by the Food and Drug Administration.

I think it is readily apparent that the present inspection efforts by both State and Federal Governments are simply not adequate to do the job that should be done. Aside from the fact that only a minimal number of States require pasteurization, a majority of States have no specific laws applicable to egg processing, and no State requires continuous inspection of egg products during all processing operations.

Neither are products sold in interstate commerce so superior. The efforts of the Federal Government in the field have been literally inadequate. No Federal law requires continuous inspection of shell eggs or the production of egg products. The Food and Drug Administration only "spot checks" or makes intermittent inspection of plants in interstate commerce.

All in all, there is little wonder, therefore, in estimates that two bad eggs out of every three escape detection and presumably will eventually be consumed by Americans.

With this chilling situation as background, earlier this year I began working on the bill being introduced today, joined by the gentleman from Iowa (Mr. SMITH) and the gentleman from Washington (Mr. FOLEY). Both have explored with me the responsibilities of the Federal Government in providing adequate inspection of the food products of the meat and poultry industry as the Congress enacted the Wholesome Meat Act of 1967, and the Poultry Products Inspection Act passed last year, and I am again proud to be associated with them in this effort.

During the course of investigation and drafting that have led to this bill, we have tried to proceed in the most logical fashion to draw a bill that would meet the needs of the American public, and still not economically hamstring industry or the small operator. I think we have succeeded where other legislative efforts which have dealt with this subject in the past few years have failed. In part, this is because we have not hesitated to take the strengths of other bills and fashion our own language to deal with weak areas which have appeared in other legislation.

In the course of investigation, those working on the bill have visited and personally inspected egg grading operations, and talked candidly with those who supervised them, as well as other members of the industry. Additionally, we have continually tried to coordinate our efforts with those working on consumer protection measures elsewhere.

The main features of the bill are:

First, a requirement for continuous Federal inspection for all operations processing eggs for human food. This would replace the voluntary continuous inspection program presently conducted by the Department of Agriculture in 90 plants and would extend coverage to approximately 800 smaller interstate and intrastate plants which presently process 30 percent of all egg products.

Second, the bill establishes a continuous inspection program for certain large "primary" shell egg grading operations, defined as plants which the Secretary of Agriculture determines have equipment with a grading capacity of 2,000 or more cases of eggs each week, if operated 80 hours each week. Smaller egg grading operations are defined as "secondary egg grading plants"—those establishments which have a capacity of less than 2,000 cases of eggs each week. Secondary egg grading operations are required to obtain certification from the Secretary of Agriculture, who is given the responsibility of insuring that the eggs graded under this certification are wholesome. At least quarterly, inspections must be performed by the Department of Agriculture for certification compliance.

I would like to speak further on this provision: It is quite clear from studying the statistics that shell eggs present a tremendous area of concern, and no justifiable reason exists for shell eggs not meeting the same high standards to which Americans feel they are entitled. Although there may be some question as to the exact "cutoff" point for the requirement of continuous inspection of shell eggs, some form of continuous inspection should be directed by the Congress, and not simply left to the discretion of the administration, as some previous efforts have done.

The bill also contains a provision which, in my opinion, is vitally necessary to maintain a logical working relationship between the Federal Govern-

ment and regulated businesses; this is an amendment to the Small Business Act authorizing loans to small business operations should they suffer substantial economic hardship as a result of having to meet the requirements of this act, or the requirements of the Poultry Products Inspection Act enacted last year by the Congress, or the Wholesome Meat Act of 1967. Both of these acts required some structural changes in some plants and equipment as a result of their more stringent requirements and broadening of Federal standards to include many meat and poultry operations previously unregulated. Enactment of this provision is necessary not only to avoid economic hardship in some instances, but to avoid misdirected efforts to weaken the present law.

Additionally, the bill contains language which would:

SHELL EGGS

Prohibit producers, shell egg plant opertors and other persons from selling or offering for sale or otherwise distributing in interstate, foreign or intrastate commerce any restricted eggs—that is, dirty, check, leaker, incubator reject, loss or inedible—capable of use as human food, except as authorized by regulations of the Secretary of Agriculture, for example, for shipment of "dirties" or "checks" to official USDA egg products processing plants, or as exempted by the Secretary; and

Prohibit persons engaged in any business involving buying or selling eggs or processing egg products or otherwise using eggs in preparing human food products, from using or possessing with intent to use, any restricted eggs in the preparation of human food except as authorized by regulations of the Secretary, or as exempted by the Secretary.

EGG PRODUCTS

The bill would generally require plants processing egg products for interstate, foreign or intrastate commerce to operate under continuous inspection of USDA, except those exempted by the provisions of the bill.

However, bakeries, other food manufacturers, institutions, and restaurants which process egg products only incidental to the preparation of other articles of human food would not be required to have continuous inspection if they use only lots of eggs meeting consumer grades. FDA would be responsible for enforcement of the requirements of the bill at such establishments.

The USDA inspected eggs and egg products would have to comply with the provisions of the bill concerning adulteration, pasteurization, and the labeling and packaging requirements to be prescribed by regulations under the bill.

USDA would administer the egg products inspection provisions on a continuous inspection basis. Under provisions of the Talmadge-Aiken amendment, the Federal Government would cooperate with States in administering such provisions, including financial assistance.

EXEMPTIONS

With appropriate safeguards, the Secretary of Agriculture would be authorized to exempt:

Sale of eggs, and processing and sale of egg products, by poultry producers from their own flocks, and the sale of eggs by a shell egg packer on his own premises, directly to other egg handlers or to household consumers for use by such consumers or members of their households or their nonpaying guests or employees. Operation of this exemption is limited to small producers only.

Sale of lots of eggs which do not contain more restricted eggs than allowed by the tolerance for undergrade eggs specified in the official standards of U.S. Consumer Grades for Shell Eggs.

Egg grading and egg products processing operations—temporarily—when it is impracticable to inspect them.

PRODUCTS NOT FOR HUMAN FOOD

The bill would treat eggs and egg products as capable of use as human food unless denatured or otherwise identified as required by regulations of the Secretary of Agriculture and prohibit distribution of eggs and egg products not intended for human food unless they are identified as required by such regulations.

RECORDS

The bill would require persons buying or selling eggs or processing egg products or using eggs in preparation of other human food products (as a business) and other specified groups to maintain records concerning the receipt, delivery sale, movement, and distribution of eggs and egg products handled by them and would authorize representatives of the Secretary of Agriculture or the Secretary of Health, Education, and Welfare to examine the records.

IMPORTS

Eggs and egg products imported into the United States would have to meet the same requirements as domestic products under the bill.

ENFORCEMENT

Continuous inspection service would be provided in all official egg products plants and at "primary" shell egg plants.

All "secondary" egg handlers, including shell egg plants, hatcheries, and exempted egg products plants would be under periodic inspection by Federal or State employees.

Restaurants and food manufacturing establishments generally would be under surveillance inspection of the Food and Drug Administration.

The Secretary would be authorized to suspend or terminate exemptions or certification.

Authority would be provided for administrative detention and judicial seizure of eggs and egg products that are in violation of the act, including restricted eggs in the possession of unauthorized persons, when found on any premises.

Criminal penalties are provided for violations.

GENERAL

No State or local jurisdiction could impose labeling, packaging, or ingredient requirements for officially inspected egg products which are in addition to or different from those imposed under the bill, the Federal Food, Drug, and Cosmetic Act and the Fair Packaging and Labeling Act.

No State or local jurisdiction could require the use of standards of quality, condition, quantity, or grade, which are in addition to or different from the Federal standards, or require labeling to show the State or other geographical area of production or origin, for shell eggs which are moving or have moved in interstate or foreign commerce.

Reports are directed to be presented to the Congress annually on the subject of the administration of the provisions of the act.

Mr. Speaker, I have gone to some lengths, I realize, to detail the thrust and intent of the bill. There were three basic reasons for this:

First, this treatment of a common food will be new to many, and I want to document the necessity for more regulation as carefully as possible.

Second, there has already been some false or misleading information circulated about the ultimate bill presented here today, and I want to present the exact requirements of the bill for broad dissemination.

And, finally, Mr. Speaker, I want this effort to stimulate healthy discussion of the merits of the provisions of the bill by consumer, industry, and the administration alike.

For these reasons, and because I believe that the bill should represent a commitment of the Congress toward moving for logical regulation of eggs and egg products, I hereby include the bill for printing in the RECORD at this point:

H.R. 14687

A bill to provide for the inspection of eggs and egg products by the United States Department of Agriculture, and for other purposes

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 "Eggs and Egg Products Inspection Act."

LEGISLATIVE FINDING

SEC. 2. Eggs and egg products are an important source of the Nation's total supply of food, and are used in food in various forms. They are consumed throughout the Nation and the major portion thereof moves in interstate or foreign commerce. It is essential, in the public interest, that the health and welfare of consumers be protected by the adoption of measures prescribed herein for assuring that eggs and egg products distributed to them and used in products consumed by them are wholesome, otherwise not adulterated, and properly labeled and packaged. Lack of effective regulation for the handling or disposition of unwholesome, otherwise adulterated, or improperly labeled or packaged eggs and egg products is injurious to the public welfare and destroys markets for wholesome, not adulterated, and properly labeled and packaged eggs and egg products and results in sundry losses to producers and processors, as well as injury to consumers. Unwholesome, otherwise adulterated, or improperly labeled or packaged products can be sold at lower prices and compete unfairly with the wholesome, not adulterated, and properly labeled and packaged products, to the detriment of consumers and the public generally. It is hereby found that all eggs and egg products which are regulated under this Act are either in interstate or foreign commerce, or substantially affect such commerce, and that regulation by the Secretary of Agriculture and the Secretary of Health, Education, and Welfare, as contemplated by this Act, are appropriate to prevent and eliminate burdens upon such

commerce, to effectively regulate such commerce, and to protect the health and welfare of consumers.

DECLARATION OF POLICY

SEC. 3. It is hereby declared to be the policy of the Congress to provide for the inspection of eggs and egg products, restrictions upon the disposition of certain eggs, and uniformity of standards for eggs, and otherwise regulate the grading, processing and distribution of eggs and egg products as hereinafter prescribed to prevent the movement or sale for human food, of eggs and egg products which are adulterated or misbranded or otherwise in violation of this Act.

DEFINITIONS

SEC. 4. For purposes of this Act—

(a) The term "adulterated" applies to any egg or egg product under one or more of the following circumstances—

(1) if it bears or contains any poisonous or deleterious substance which may render it injurious to health; but in case the substance is not an added substance, such article shall not be considered adulterated under this clause if the quantity of such substance in or on such article does not ordinarily render it injurious to health;

(2) (A) if it bears or contains any added poisonous or added deleterious substance (other than one which is (i) a pesticide chemical in or on a raw agricultural commodity; (ii) a food additive; or (iii) a color additive) which may, in the judgment of the Secretary, make such article unfit for human food;

(B) if it is, in whole or in part, a raw agricultural commodity and such commodity bears or contains a pesticide chemical which is unsafe within the meaning of section 408 of the Federal Food, Drug, and Cosmetic Act;

(C) if it bears or contains any food additive which is unsafe within the meaning of section 409 of the Federal Food, Drug, and Cosmetic Act;

(D) if it bears or contains any color additive which is unsafe within the meaning of section 706 of the Federal Food, Drug, and Cosmetic Act: *Provided,* That an article which is not otherwise deemed adulterated under clause (B), (C), or (D) shall nevertheless be deemed adulterated if use of the pesticide chemical, food additive, or color additive, in or on such article, is prohibited by regulations of the Secretary in official plants;

(3) if it consists in whole or in part of any filthy, putrid, or decomposed substance, or if it is otherwise unfit for human food;

(4) if it has been prepared, packaged, or held under insanitary conditions whereby it may have become contaminated with filth, or whereby it may have been rendered injurious to health;

(5) if it is an egg which has been subjected to incubation or the product of any egg which has been subjected to incubation;

(6) if its container is composed, in whole or in part, of any poisonous or deleterious substance which may render the contents injurious to health;

(7) if it has been intentionally subjected to radiation, unless the use of the radiation was in conformity with a regulation or exemption in effect pursuant to section 409 of the Federal Food, Drug, and Cosmetic Act; or

(8) if any valuable constituent has been in whole or in part omitted or abstracted therefrom; or if any substance has been substituted, wholly or in part therefor; or if damage or inferiority has been concealed in any manner; or if any substance has been added thereto or mixed or packed therewith so as to increase its bulk or weight, or reduce its quality or strength, or make it appear better or of greater value than it is.

(b) The term "capable of use as human food" shall apply to any egg or egg product, unless it is denatured, or otherwise identified, as required by regulations prescribed by the Secretary to deter its use as human food.

(c) The term "commerce" means interstate, foreign, or intrastate commerce.

(d) The term "container" or "package" includes any box, can, tin, plastic, or other receptacle, wrapper, or cover.

(e) The term "immediate container" means any consumer package; or any other container in which eggs or egg products, not consumer packaged, are packed.

(f) The term "shipping container" means any container used in packaging eggs or egg products packed in an immediate container.

(g) The term "egg handler" means any person who engages in any business in commerce which involves buying or selling any eggs (as a poultry producer or otherwise), or processing any egg products, or otherwise using any eggs in the preparation of human food.

(h) The term "egg product" means any dried, frozen, or liquid eggs, with or without added ingredients, excepting products which contain eggs only in a relatively small proportion or historically have not been, in the judgment of the Secretary, considered by consumers as products of the egg food industry, and which may be exempted by the Secretary under such conditions as he may prescribe to assure that the egg ingredients are not adulterated and such products are not represented as egg products.

(i) The term "egg" means the shell egg of the domesticated chicken, turkey, duck, goose, or guinea.

(j) The term "check" means an egg that has a broken shell or crack in the shell but has its shell membranes intact and contents not leaking.

(k) The term "clean and sound shell egg" means any egg whose shell is free of adhering dirt or foreign material and is not cracked or broken.

(l) The term "dirty egg" means an egg that has a shell that is unbroken and has adhering dirt or foreign material.

(m) The term "incubator reject" means an egg that has been subjected to incubation and has been removed from incubation during the hatching operations as infertile or otherwise unhatchable.

(n) The term "inedible" means eggs of the following descriptions: black rots, yellow rots, white rots, mixed rots (addled eggs), sour eggs, eggs with green whites, eggs with stuck yolks, moldy eggs, musty eggs, eggs showing blood rings, and eggs containing embryo chicks (at or beyond the blood ring stage).

(o) The term "leaker" means an egg that has a crack or break in the shell and shell membranes to the extent that the egg contents are exposed or are exuding or free to exude through the shell.

(p) The term "loss" means an egg that is unfit for human food because it is smashed or broken so that its contents are leaking; or overheated, frozen, or contaminated; or an incubator reject; or because it contains a bloody white, large meat spots, a large quantity of blood, or other foreign material.

(q) The term "restricted egg' means any check, dirty egg, incubator reject, inedible, leaker, or loss.

(r) The term "Fair Packaging and Labeling Act" means the Act so entitled, approved November 3, 1966 (80 Stat. 1296), and Acts amendatory thereof or supplementary thereto.

(s) The term "Federal Food, Drug, and Cosmetic Act" means the Act so entitled, approved June 25, 1938 (52 State. 1040), and Acts amendatory thereof or supplementary thereto.

(t) The term "inspection" means the application of such inspection methods and techniques as are deemed necessary by the responsible Secretary to carry out the provisions of this Act.

(u) The term "inspector" means:

(1) any employee or official of the United States Government authorized to inspect eggs or egg products under the authority of this Act; or

(2) any employee or official of the government of any State or local jurisdiction authorized by the Secretary to inspect eggs or egg products, under an agreement entered into between the Secretary and the appropriate State or other agency.

(v) The term "misbranded" shall apply to any eggs or egg products which are not labeled and packaged in accordance with the requirements prescribed by regulations of the Secretary under section 7 of this Act.

(w) The term "official certificate" means any certificate prescribed by regulations of the Secretary for issuance by an inspector or other person performing official functions under this Act.

(x) The term "official device" means any device prescribed or authorized by the Secretary for use in applying any official mark.

(y) The term "official inspection legend" means any symbol prescribed by regulations of the Secretary showing that eggs or egg products were inspected in accordance with this Act.

(z) The term "official mark" means the official inspection legend or any other symbol prescribed by regulations of the Secretary to identify the status of any article under this Act.

(aa) The term "official plant" means any plant, as determined by the Secretary, at which the inspection of the grading of eggs is maintained on a continuous basis or the inspection of the processing of egg products is maintained by the Department of Agriculture under the authority of this Act.

(ab) The term "official standards" means the standards of quality, grades, and weight classes for eggs, in effect upon the effective date of this Act, or as thereafter amended, under the Agricultural Marketing Act of 1946 (60 Stat. 1087, as amended, 7 U.S.C. 1621 et seq.).

(ac) The term "pasteurize" means the subjecting of each particle of egg products to heat or other treatments to destroy harmful viable micro-organisms by such processes as may be prescribed by regulations of the Secretary.

(ad) The term "person" means any individual, partnership, corporation, association, or other business unit.

(ae) The terms "pesticide chemical," "food additive," "color additive," and "raw agricultural commodity" shall have the same meaning for purposes of this Act as under the Federal Food, Drug, and Cosmetic Act.

(af) The term "plant" means any place of business where eggs are graded or egg products are processed.

(ag) The term "processing" means manufacturing egg products including breaking eggs or filtering, mixing, blending, pasteurizing, stabilizing, cooling, freezing, drying, or packinging egg products.

(ah) The term "grading" means candling, sizing, and packing eggs.

(ai) The term "primary egg grading plant" means any establishment which has, as determined by the Secretary, equipment with a rated capacity of grading 2,000 or more cases of eggs each week if operated eighty hours each week.

(aj) The term "secondary egg grading plant" means any establishment which has, as determined by the Secretary, equipment with a rated capacity of grading less than 2,000 cases of eggs each week if operated eighty hours each week.

(ak) The term "case" means a container with the capacity of holding thirty dozen eggs.

(al) The term "Secretary" means the Secretary of Agriculture or his delegate.

(am) The term "State" means any State of the United States, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, and the District of Columbia.

(an) The term "United States" means the States.

INSPECTION, REINSPECTION, CONDEMNATION

SEC. 5. (a) For the purpose of preventing the entry into or flow or movement in commerce of, or the burdening of commerce by, any eggs or egg product which is capable of use as human food and is misbranded or adulterated, the Secretary shall, whenever grading or processing operations are being conducted, cause continuous inspection to be made, in accordance with the regulations promulgated under this Act, of the grading of eggs in each primary egg grading plant and the processing of egg products, in each plant processing egg products for commerce, unless exempted under section 14 of this Act. Without restricting the application of the preceding sentence to other kinds of establishments within its provisions, any food manufacturing establishment, institution, or restaurant which uses any eggs that do not meet the requirements of paragraph (a)(1) of section 14 of this Act in the preparation of any articles for human food shall be deemed to be a plant processing egg products, with respect to such operations.

(b) The Secretary, at any time, shall cause such retention, segregation, and reinspection as he deems necessary of eggs and egg products capable of use as human food in each official plant.

(c) Eggs and egg products found to be adulterated at official plants shall be condemned and, if no appeal be taken from such determination of condemnation, such articles shall be destroyed for human food purposes under the supervision of an inspector: *Provided,* That articles which may by reprocessing be made not adulterated need not be condemned and destroyed if so reprocessed under the supervision of an inspector and thereafter found to be not adulterated. If an appeal be taken from such determination, the eggs or egg products shall be appropriately marked and segregated pending completion of an appeal inspection, which appeal shall be at the cost of the appellant if the Secretary determines that the appeal is frivolous. If the determination of condemnation is sustained, the eggs or egg products shall be destroyed for human food purposes under the supervision of an inspector.

(d) The Secretary shall, through inspectors, cause to be made such inspections, including continuous inspection whenever deemed necessary by him, of the business premises, facilities, inventory, operations and records of secondary egg grading plants as in his judgment will reasonably assure continuing compliance with the provisions of this Act and the regulations promulgated under the Act. The Secretary shall cause a minimum of four such inspections annually of each such plant.

(e) On or after the one hundred and eightieth day following the effective date of this act, no person unless otherwise exempt shall grade shell eggs in any secondary egg grading plant under his control unless there is in effect for such plant an annual certificate of registration issued by the Secretary. On or before December 31 of each year following the year in which this Act becomes effective, every person who owns or operates any secondary egg grading plant shall register with the Secretary his name, place of business, egg grading capacity, and the location of all such plants. Every person upon first engaging in the grading of shell eggs in a secondary egg grading plant shall immediately register with the Secretary his name, place of business, egg grading capacity, and the location of all such plants. No certificate shall be issued for any such plant unless the Secretary, on the basis of an inspection made, determines there is satisfactory assurance that the plant is equipped, staffed and managed to comply with the requirements of this act and regulations issued thereunder. If a certificate of registration is denied, the denial is subject to the opportunity for hearing and judicial review as provided in Section 7(b).

(f) The certificate of registration of any secondary egg grading plant may be suspended, after opportunity for hearing, for failure to comply with the requirements of this Act or the regulations issued hereunder. The holder of such suspended certificate may at any time apply for reinstatement, and the Secretary shall immediately grant such reinstatement if he finds that adequate measures have been taken to comply with the provisions of this act and the regulations. Any person denied a certificate or whose certificate has been suspended or who has been denied reinstatement or from whom it is proposed to withdraw a certificate, may file objections thereto with the Secretary, specifying with particularity reasonable grounds for his objection, and request a hearing upon such objections. The Secretary shall afford an opportunity for a hearing on such objections, and shall expedite such hearing upon request. As soon as practicable, after the hearing, the Secretary shall act upon the objections. Such order shall be based upon a fair evaluation of the entire record at such hearing, and shall contain finding of fact and conclusions on which the Secretary's action was based. Any person adversely affected by the Secretary's action on his objections may obtain judicial review as provided in Section 7(b).

(g) Any person operating a secondary egg grading plant may apply to the Secretary for the plant to be certified as a primary egg grading plant to be operated under continuous inspection and in compliance with the provisions of this Act and regulations promulgated under the Act on primary egg grading plants. Upon receipt of the application the Secretary shall certify the secondary egg grading plant as a primary egg grading plant subject to the provisions of this Act and the regulations governing such plants.

(h) The Secretary shall cause such other inspections to be made of the business premises, facilities, inventory, operations, and records of egg handlers, and the records and inventory of other persons required to keep records under section 10 of this Act, as he deems appropriate to assure that only eggs fit for human food are used for such purpose, and otherwise to assure compliance by egg handlers and other persons with the requirements of section 8 of this Act, except that the Secretary of Health, Education, and Welfare shall cause such inspections to be made as he deems appropriate to assure compliance with such requirements at food manufacturing establishments, institutions, and restaurants, other than official plants. Representatives of said Secretaries shall be afforded access to all such places of business for purpose of making the inspections provided for in this Act.

SANITATION, FACILITIES, AND PRACTICES

SEC. 6. (a) Each official plant shall be operated in accordance with such sanitary practices and shall have such premises, facilities, and equipment as are required by regulations promulgated by the Secretary to effectuate the purposes of this Act, including requirements for segregation and disposition of restricted eggs.

(b) The Secretary shall refuse to render inspection to any official plant whose premises, facilities, or equipment, or the operation thereof, fail to meet the requirements of this section.

PASTEURIZATION AND LABELING OF EGGS AND EGG PRODUCTS AT OFFICIAL PLANTS

SEC. 7. (a) Egg products inspected at any official plant under the authority of this Act and found to be not adulterated shall be pasteurized before they leave the official plant, except as otherwise permitted by regulations of the Secretary. Eggs and egg products inspected at any official plant shall at the time they leave the official plant, bear in distinctly legible form on their shipping containers or immediate containers, or both, when required by regulations of the Secretary, the official inspection legend and official plant number, of the plant where the products were graded or processed, and such other information as the Secretary may require by regulations to describe the products adequately and to assure that they will not have false or misleading labeling.

(b) No labeling or container shall be used for eggs or egg products at official plants if it is false or misleading or has not been approved as required by the regulations of the Secretary. If the Secretary has reason to believe that any labeling or the size or form of any container in use or proposed for use with respect to eggs or egg products at any official plant is false or misleading in any particular, he may direct that such use be withheld unless the labeling or container is modified in such manner as he may prescribe so that it will not be false or misleading. If the person using or proposing to use the labeling or container does not accept the determination of the Secretary, such person may request a hearing, but the use of the labeling or container shall, if the Secretary so directs, be withheld pending hearing and final determination by the Secretary. Any such determination by the Secretary shall be conclusive unless, within thirty days after receipt of notice of such final determination, the person adversely affected thereby appeals to the United States court of appeals for the circuit in which such person has its principal place of business or to the United States Court of Appeals for the District of Columbia Circuit. The provisions of section 204 of the Packers and Stockyards Act, 1921 (42 Stat. 162, as amended; 7 U.S.C. 194), shall be applicable to appeals taken under this section.

PROHIBITED ACTS

SEC. 8. (a)(1) The Secretary shall promulgate such standards and regulations as will prohibit the sale to consumers of eggs classified as incubator rejects, inedible, loss, leakers, dirty or checks, except that dirties, checks and eggs with blood or meat spots may be processed for human food purposes as authorized by regulations of the Secretary.

(2) No person shall buy, sell, or transport, or offer to buy or sell, or offer or receive for transportation, in any business in commerce any restricted eggs, capable of use as human food, except as authorized by regulations of the Secretary under such conditions as he may prescribe to assure that only eggs fit for human food are used for such purpose.

(3) No egg handler shall possess with intent to use, or use, any restricted eggs in the preparation of human food for commerce except that such eggs may be so possessed and used when authorized by regulations of the Secretary under such conditions as he may prescribe to assure that only eggs fit for human food are used for such purpose.

(b)(1) No person shall grade any eggs or process any egg products for commerce at any plant except in compliance with the requirements of this Act.

(2) No person shall buy, sell, or transport, or offer to buy or sell, or offer or receive for transportation, in commerce any eggs or egg products required to be inspected under this Act unless they have been so inspected and if so required are labeled and packaged in accordance with the requirements of section 7 of this Act.

(3) No operator of any official plant shall fail to comply with any requirements of paragraph (a) of section 6 of this Act or the regulations thereunder.

(4) No operator of any official plant shall allow any eggs or egg products to be moved from such plant if they are adulterated or misbranded and capable of use as human food.

(c) No person shall violate any provision of section 9, 10, or 16 of this Act.

(d) No person shall—

(1) manufacture, cast, print, lithograph, or otherwise make any device containing any official mark or simulation thereof, or any label bearing any such mark or simulation, or any form of official certificate or simulation thereof, except as authorized by the Secretary;

(2) forge or alter any official device, mark, or certificate;

(3) without authorization from the Secretary, use any official device, mark, or certificate, or simulation thereof, or detach, deface, or destroy any official device or mark; or use any labeling or container ordered to be withheld from use under section 7 of this Act after final judicial affirmance of such order or expiration of the time for appeal if no appeal is taken under said section.

(4) contrary to the regulations prescribed by the Secretary, fail to use, or to detach, deface, or destroy any official device, mark, or certificate;

(5) possess, without promptly notifying the Secretary or his representative, any official device or any counterfeit, simulated forged, or improperly altered official certificate or any device or label, or any eggs or egg products bearing any counterfeit, simulated, forged, or improperly altered official mark;

(6) make any false statement in any shipper's certificate or other nonofficial or official certificate provided for in the regulations prescribed by the Secretary;

(7) represent that any article has been inspected or exempted, under this Act, when, in fact, it has, respectively, not been so inspected or exempted;

(8) refuse access, at any reasonable time, to any representative of the Secretary of Agriculture or the Secretary of Health, Education, and Welfare, to any plant or other place of business subject to inspection under any provisions of this Act.

(e) No person, while an official or employee of the United States Government or any State or local governmental agency, or thereafter, shall use to his own advantage, or reveal other than to the authorized representatives of the United States Government or any State or other government in their official capacity, or as ordered by a court in a judicial proceeding, any information acquired under the authority of this Act concerning any mater which is entitled to protection as a trade secret.

EGG PRODUCTS NOT INTENDED FOR HUMAN FOOD

SEC. 9. Inspection shall not be provided under this Act at any plant for the processing of any egg products which are not intended for use as human food, but such articles, prior to their offer for sale or transportation in commerce, shall be denatured or otherwise identified as prescribed by regulations of the Secretary to deter their use for human food. No person shall buy, sell, or transport or offer to buy or sell, or offer or receive for transportation, in commerce, any eggs or egg products which are not included for use as human food unless they are denatured or otherwise identified as required by the regulations of the Secretary.

RECORD AND RELATED REQUIREMENTS FOR PROCESSORS OF EGGS AND EGG PRODUCTS AND RELATED INDUSTRIES

SEC. 10. For the purpose of enforcing the provisions of this Act and the regulations promulgated thereunder, all persons engaged in the business of transporting, shipping, or receiving any eggs or egg products in commerce or holding such articles so received, and all egg handlers, shall maintain such records showing, for such time and in such form and manner, as the Secretary of Agriculture or the Secretary of Health, Education, and Welfare may prescribe, to the extent that they are concerned therewith, the receipt, delivery, sale, movement, and disposition of all eggs and egg products handled by them, and shall, upon the request of a duly authorized representative of either of said Secretaries, permit him at reasonable times to have access to and to copy all such records.

PENALTIES

SEC. 11. (a) Any person who commits any offense prohibited by section 8 of this Act shall upon conviction be subject to imprisonment for not more than one year, or a fine of not more than $1,000, or both such imprisonment and fine, but if such violation involves intent to defraud, or any distribution or attempted distribution of any article that is known to be adulterated (except as defined in section 4(a)(8) of this Act), such person shall be subject to imprisonment for not more than three years or a fine of not more than $10,000, or both. When construing or enforcing the provisions of section 8, the act, omission, or failure of any person acting for or employed by any individual, partnership, corporation, or association within the scope of his employment or office shall in every case be deemed the act, omission, or failure of such individual, partnership, corporation, or association, as well as of such person.

(b) No carrier or warehouseman shall be subject to the penalties of this Act, other than the penalties for violation of section 10 of this Act or paragraph (c) of this section 11, by reason of his receipt, carriage, holding, or delivery, in the usual course of business, as a carrier or warehouseman of eggs or egg products owned by another person unless the carrier or warehouseman has knowledge, or is in possession of facts which would cause a reasonable person to believe that such eggs or egg products were not eligible for transportation under, or were otherwise in violation of, this Act, or unless the carrier or warehouseman refuses to furnish on request of a representative of the Secretary the name and address of the person from whom he received such eggs or egg products and copies of all documents, if there be any, pertaining to the delivery of the eggs or egg products to, or by, such carrier or warehouseman.

(c) Any person who forcibly assaults, resists, opposes, impedes, intimidates, or interferes with any person while engaged in or on account of the performance of his official duties under this Act shall be fined not more than $5,000 or imprisoned not more than three years, or both. Whoever, in the commission of any such act, uses a deadly or dangerous weapon, shall be fined not more than $10,000 or imprisoned not more than ten years, or both. Whoever kills any person while engaged in or on account of the performance of his official duties under this Act shall be punished as provided under sections 1111 and 1114 of title 18, United States Code.

REPORTING OF VIOLATIONS

SEC. 12. Before any violation of this Act is reported by the Secretary to any United States attorney for institution of a criminal proceeding, the person against whom such proceeding is contemplated shall be given reasonable notice of the alleged violation and opportunity to present his views orally or in writing with regard to such contemplated proceeding. Nothing in this Act shall be construed as requiring the Secretary to report for criminal prosecution violations of this Act whenever he believes that the public interest will be adequately served and compliance with the Act obtained by a suitable written notice of warning.

REGULATIONS AND ADMINISTRATION

SEC. 13. The Secretary shall promulgate such rules and regulations as he deems necessary to carry out the purposes or provisions of this Act, and shall be responsible for the administration and enforcement of this Act except as otherwise provided in paragraph (d) of section 5 of this Act.

EXEMPTIONS

SEC. 14. (a) The Secretary may, by regulation and under such conditions including sanitary standards, practices and procedures as he may prescribe, exempt from specific provisions of this Act—

(1) the sale, transportation, possession, or use of eggs which contain no more restricted eggs than are allowed by the tolerances in the official standards of United States consumer grades for shell eggs;

(2) the sale of eggs by any poultry producer from his own flocks directly to another egg handler, or directly to a household consumer exclusively for use by such consumer and members of his household and his nonpaying guests and employees, and the transportation, possession, and use of such eggs in accordance with this paragraph;

(3) the processing of egg products by any poultry producer from eggs of his own flocks' production for sale of such products directly to a household consumer exclusively for use by such consumer and members of his household and his nonpaying guests and employees, and the egg products so processed when handled in accordance with this paragraph;

(4) the sale of eggs by shell egg packers on his own premises directly to household consumers for use by such consumer and members of his household and his nonpaying guests and employees, and the transportation, possession, and use of such eggs in accordance with this paragraph; and

(5) for a period of two years after the effective date of this Act, if the Secretary determines that it is impracticable to provide certification or inspection, the processing of egg products and the grading of eggs at any class of plants and the egg products processed and eggs graded at such plants.

(b) No exemption under subparagraphs 2, 3 and 4 shall apply to any person processing egg products or grading eggs in such volume as determined by the Secretary that exceeds the annual egg production of a flock of 10,000 hens.

(c) The Secretary may modify or revoke any regulation granting exemption under this Act whenever he deems such action appropriate to effectuate the purposes of this Act.

ENTRY OF MATERIALS INTO OFFICIAL PLANTS

SEC. 15. The Secretary may restrict the entry of eggs and egg products and other materials into official plants under such conditions as he may prescribe to assure that allowing the entry of such articles into such plants will be consistent with the purposes of this Act.

IMPORTS

SEC. 16. (a) No restricted eggs capable of use as human food shall be imported into the United States except as authorized by regulations of the Secretary. No egg products capable of use as human food shall be imported into the United States unless they were processed and are labeled and packaged in accordance with, and otherwise comply with the standards of this Act and regulations issued thereunder applicable to such articles within the United States. All such imported articles shall upon entry into the United States be deemed and treated as domestic articles subject to the other provisions of this Act: *Provided*, That they shall be labeled as required by such regulations for imported articles: *Provided further*, That nothing in this section shall apply to eggs or

egg products purchased outside the United States by any individual for consumption by him and members of his household and his nonpaying guests and employees.

(b) The Secretary may prescribe the terms and conditions for the destruction of all such articles which are imported contrary to this section, unless (1) they are exported by the consignee within the time fixed therefor by the Secretary or (2) in the case of articles which are not in compliance solely because of misbranding, such articles are brought into compliance with this Act under supervision of authorized representatives of the Secretary.

(c) All charges for storage, cartage, and labor with respect to any article which is imported contrary to this section shall be paid by the owner or consignee, and in default of such payment shall constitute a lien against such article and any other article thereafter imported under this Act by or for such owner or consignee.

(d) The importation of any article contrary to this section is prohibited.

REFUSAL OF INSPECTION

SEC. 17. The Secretary (for such period, or indefinitely, as he deems necessary to effectuate the purposes of this Act) may refuse to provide or may withdraw inspection service under this Act with respect to any plant if he determines, after opportunity for a hearing is accorded to the applicant for, or recipient of, such service, that such applicant or recipient is unfit to engage in any business requiring inspection under this Act, because the applicant or recipient or anyone responsibly connected with the applicant or recipient has been convicted in any Federal or State court, within the previous ten years, of (1) any felony or more than one misdemeanor under any law based upon the acquiring, handling, or distributing of adulterated, mislabeled, or deceptively packaged food or fraud in connection with transactions in food, or (2) any felony, involving fraud, bribery, extortion, or any other act or circumstances indicating a lack of the integrity needed for the conduct of operations affecting the public health.

For the purpose of this section, a person shall be deemed to be responsibly connected with the business if he is a partner, officer, director, holder, or owner of 10 per centum or more of its voting stock, or employee in a managerial or executive capacity.

The determination and order of the Secretary with respect thereto under this section shall be final and conclusive unless the affected applicant for, or recipient of, inspection service files application for judicial review within thirty days after the effective date of such order in the United States court of appeals for the circuit in which such applicant or recipient has its principal place of business or in the United States Court of Appeals for the District of Columbia Circuit. Judicial review of any such order shall be upon the record upon which the determination and order are based. The provisions of section 204 of the Packers and Stockyards Act, 1921, as amended (7 U.S.C. 194) shall be applicable to appeals taken under this section.

This section shall not affect in any way other provisions of this Act for refusal of inspection services.

ADMINISTRATIVE DETENTION

SEC. 18. Whenever any eggs or egg products subject to the Act, are found by any authorized representative of the Secretary upon any premises and there is reason to believe that they are or have been graded, processed, bought, sold, possessed, used, transported, or offered or received for sale or transportation in violation of this Act or that they are in any other way in violation of this Act, or whenever any restricted eggs capable of use as human food, are found by such a representative in the possession of any person not authorized to acquire such eggs under the regulations of the Secretary, such articles may be detained by such representative for a reasonable period but not to exceed twenty days, pending action under section 19 of this Act or notification of any Federal, State, or other governmental authorities having jurisdiction over such articles and shall not be moved by any person from the place at which they are located when so detained until released by such representative. All official marks may be required by such representative to be removed from such articles before they are released unless it appears to the satisfaction of the Secretary that the articles are eligible to retain such marks.

JUDICIAL SEIZURE PROCEEDINGS

SEC. 19. (a) Any eggs or egg products that are or have been graded, processed, bought, sold, possessed, used, transported, or offered or received for sale or transportation, in violation of this Act, or in any other way are in violation of this Act; and any restricted eggs, capable of use as human food, in the possession of any person not authorized to acquire such eggs under the regulations of the Secretary; shall be liable to be proceeded against and seized and condemned, at any time, on a complaint in any United States district court or other proper court as provided in section 20 of this Act within the jurisdiction of which the articles are found. If the articles are condemned they shall, after entry of the decree, be disposed of by destruction or sale as the court may direct and the proceeds, if sold, less the court costs and fees, and storage and other proper expenses, shall be paid into the Treasury of the United States, but the articles shall not be sold contrary to the provision of this Act, the Federal Food, Drug, and Cosmetic Act or the Fair Packaging and Labeling Act, or the laws of the jurisdiction in which they are sold: *Provided,* That upon the execution and delivery of a good and sufficient bond conditioned that the articles shall not be sold or otherwise disposed of contrary to the provisions of this Act, the Federal Food, Drug, and Cosmetic Act, the Fair Packaging and Labeling Act, or the laws of the jurisdiction in which disposal is made, the court may direct that they be delivered to the owner thereof subject to such supervision by authorized representatives of the Secretary as is necessary to insure compliance with the applicable laws. When a decree of condemnation is entered against the articles and they are released under bond, or destroyed, court costs and fees, and storage and other proper expenses shall be awarded against the person, if any, intervening as claimant thereof. The proceedings in such cases shall conform, as nearly as may be, to the supplemental rules for certain admiralty and maritime claims, except that either party may demand trial by jury of any issue of fact joined in any case, and all such proceedings shall be at the suit of and in the name of the United States.

(b) The provisions of this section shall in no way derogate from authority for condemnation or seizure conferred by other provisions of this Act, or other laws.

JURISDICTION

SEC. 20. The United States district courts and the District Court of the Virgin Islands are vested with jurisdiction specifically to enforce, and to prevent and restrain violations of, this Act, and shall have jurisdiction in all other cases, arising under this Act, except as provided in section 17 of this Act. All proceedings for the enforcement or to restrain violations of this Act shall be by and in the name of the United States. Subpenas for witnesses who are required to attend a court of the United States, in any district, may run into any other district in any such proceeding.

APPLICABILITY OF OTHER ACTS

SEC. 21. For the efficient administration and enforcement of this Act, the provisions (including penalties) of sections 6, 8, 9, and 10 of the Federal Trade Commission Act, as amended (38 Stat. 721–723, as amended; 15 U.S.C. 46, 48, 49, and 50) (except paragraphs (c) through (h) of section 6 and the last paragraph of section 9), and the provisions of subsection 409(l) of the Communications Act of 1934 (48 Stat. 1096, as amended; 47 U.S.C. 409(l)), are made applicable to the jurisdiction, powers, and duties of the Secretary in administering and enforcing the provisions of this Act and to any person with respect to whom such authority is exercised. The Secretary, in person or by such agents as he may designate, may prosecute any inquiry necessary to his duties under this Act in any part of the United States, and the powers conferred by said sections 9 and 10 of the Federal Trade Commission Act, as amended, on the district courts of the United States may be exercised for the purposes of this Act by any court designated in section 20 of this Act.

RELATION TO OTHER AUTHORITIES

SEC. 22. (a) Requirements within the scope of this Act with respect to premises, facilities, and operations of any official plant which are in addition to or different than those made under this Act may not be imposed by any State or local jurisdiction except that any such jurisdiction may impose recordkeeping and other requirements within the scope of section 10 of this Act, if consistent therewith, with respect to any such plant.

(b) For eggs which have moved or are moving in interstate or foreign commerce, no State or local jurisdiction may (1) require the use of standards of quality, condition, quantity, weight, size or grade which are in addition to or different than the official standards, or (2) require labeling to show the State or other geographical area of production or origin, or (3) impose any storage or handling requirements found by the Secretary to unduly interfere with the free flow of eggs and egg products in commerce. Labeling, packaging, or ingredient requirements in addition to or different than those made under this Act, the Federal Food, Drug, and Cosmetic Act and the Fair Packaging and Labeling Act, may not be imposed by any State or local jurisdiction, with respect to eggs or egg products processed at any official plant in accordance with the requirements under such Acts. However, any State or local jurisdiction may exercise jurisdiction with respect to eggs and egg products for the purpose of preventing the distribution for human food purposes of any such articles which are outside of such a plant and are in violation of any of said Federal Acts or any State or local law consistent therewith.

The Secretary may, after notice and opportunity for public hearing, waive application of this section to any State which has adopted or seeks to adopt standards of wholesomeness and sanitation more stringent than applicable Federal standards. Otherwise the provisions of this Act shall not invalidate any law or other provisions of any State or other jurisdiction in the absence of a conflict with this Act.

(c) The provisions of this Act shall not affect the applicability of the Federal Food, Drug, and Cosmetic Act or the Fair Packaging and Labeling Act or other Federal laws to eggs, egg products, or other food products or diminish any authority conferred on the Secretary of Health, Education, and Welfare or other Federal officials by such other laws, except that the Secretary of Agriculture shall have exclusive jurisdiction to regulate official plants grading eggs or processing egg products and operations thereof as to all matters within the scope of this Act.

(b) The detainer authority conferred on representatives of the Secretary of Agricul-

ture by section 18 of this Act shall also apply to any authorized representative of the Secretary of Health, Education, and Welfare for the purposes of paragraph (h) of section 5 of this Act, with respect to any eggs or egg products that are outside any official plant grading eggs or processing egg products.

COST OF INSPECTION

SEC. 23. The cost of inspection rendered under the requirements of this Act, and other costs of administration of this Act, shall be borne by the United States, except that the cost of overtime and holiday work performed in official plants subject to the provisions of this Act at such rates as the Secretary may determine shall be borne by such official plants. Sums received by the Secretary from official plants under this section shall be available without fiscal year limitation to carry out the purposes of this Act.

FEDERAL ASSISTANCE FOR SMALL BUSINESS CONCERNS

SEC. 24. (a) Section 7(b) of the Small Business Act is amended—

(1) by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; and"; and

(2) by adding after paragraph (4) a new paragraph as follows:

"(5) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administrator may determine to be necessary or appropriate to assist any small business concern in effecting additions to or alterations in its plant, facilities, or methods of operation to meet requirements imposed by the Eggs and Egg Products Inspection Act, the Wholesome Poultry and Poultry Products Act, and the Wholesome Meat Act of 1967 or State laws enacted in conformity therewith, if the Administration determines that such concern is likely to suffer substantial economic injury without assistance under this paragraph."

(b) The third sentence of section 7(b) of such Act is amended by inserting "or (5)" after "paragraph (3)".

(c) Section 4(c)(1) of the Small Business Act is amended by inserting "7(b)(5)," after "7(b)(4),".

ANNUAL REPORTS TO CONGRESSIONAL COMMITTEES

SEC. 25. (a) Not later than March 1 of each year following the enactment of this Act the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture and Forestry of the Senate a comprehensive and detailed written report with respect to—

(1) the processing, storage, handling, and distribution of eggs and egg products subject to the provisions of this title; the inspection of establishments operated in connection therewith; the effectiveness of the operation of the inspection and grading program, including the effectiveness of the operations of State egg inspection and grading programs; and recommendations for legislation to improve such program; and

(2) the administration of section 16 of this Act (relating to imports) during the immediately preceding calendar year, including but not limited to—

(A) a certification by the Secretary that foreign plants exporting eggs or egg products to the United States have complied with requirements of this Act and regulations issued thereunder;

(B) the names and locations of plants authorized or permitted to export eggs or egg products to the United States;

(C) the number of inspectors employed by the Department of Agriculture in the calendar year concerned who were assigned to inspect plants referred to in paragraph (B) hereof and the frequency with which each such plant was inspected by such inspectors;

(D) the number of inspectors that were licensed by each country from which any imports were received and that were assigned, during the calendar year concerned, to inspect such imports and the facilities in which such imports were handled; and the frequency and effectiveness of such inspections;

(E) the total volume of eggs and egg products which was imported into the United States during the calendar year concerned from each country, including a separate itemization of the volume of each major category of such imports from each country during such year, and a detailed report of rejections of plants and products because of failure to meet appropriate standards prescribed by this title; and

(F) recommendations for legislation to improve such program.

APPROPRIATIONS

SEC. 26. Such sums as are necessary to carry out the provisions of this Act are hereby authorized to be appropriated.

SEPARABILITY OF PROVISIONS

SEC. 27. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

EFFECTIVE DAY

SEC. 28. (a) The provisions of this Act shall take effect six months after enactment.

(b) The voluntary inspection and grading program in effect for eggs and egg products under section 203(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1622(h)) may continue in effect until the date on which eggs and egg products are required to be inspected and graded under this title.

THE WAR IN VIETNAM AND THE PRESIDENT'S ADDRESS OF NOVEMBER 3

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. RYAN) is recognized for 60 minutes.

Mr. RYAN. Mr. Speaker, last Friday, October 31, some 45 Members of the House and the Senate in commenting upon the October 15 Vietnam moratorium pointed out that the outpouring of concern over the tragic war in Vietnam by the American public was eloquent, peaceful, and dignified in the highest tradition of the exercise of the constitutional right of assembly and petition for the redress of grievances.

We pointed out that we had supported the President to the extent that he has moved to withdraw our troops from combat in Vietnam; and we said, and I quote:

> We now look forward to the President's statement on November 3 in the hope that it will make a substantial contribution to the early end of American involvement in the war.

Mr. Speaker, we announced that on November 5 we would continue discussion and debate in the Congress on the grave issue of the war in Vietnam as we did on the evening and night of October 14.

Today, following the President's speech of November 3 we are doing so.

On last Monday night millions of Americans watched and listened to the address by the President of the United States which had been anticipated for some 3 weeks. Their anticipation had been heightened by the October 15 Vietnam moratorium and by the announcement 3 full weeks in advance of the coming of the speech—all of which kindled hopes that U.S. participation in the war was finally coming to an end.

Mr. Speaker, the address, to put it mildly, was disappointing. It chartered no new path and envisioned no immediate prospect for peace. It promised only more of past policy. It accepted the premises and assumptions which were stated and restated time and time again during the past 4 years by President Johnson. It sought to portray the millions of concerned Americans as a vocal minority attempting somehow to prevail over reason, as though the policymakers who led the Nation into the quagmire of Vietnam were the source of all reason. In short, regrettably, the speech failed to make a substantial contribution to the early end of American involvement in the war for which we had hoped.

The address disregarded those millions of Americans from all walks of life and all sections of the country, who on October 15 expressed peacefully and with dignity their opposition to our continuing participation in the war.

The speech showed the President's reluctance or else his inability to feel the pulse of American public opinion. In the New York Times the following day on November 4 Tom Wicker wrote:

> If it is true that no President can or should set his policy solely by that he can divine of public opinion . . . it is equally true that no President can make policy successfully in ignorance or disregard of public opinion. Even when he believes he must go counter to popular feeling, how he is to do so, how to make his actions more palatable and his policies more understanding, must be a vital part of his calculations.
>
> Which is all the more reason for Mr. Nixon to listen hard, and for the public to speak up—loud, clear, and often.

What Tom Wicker wrote is all the more reason for President Nixon to listen hard and for the public to speak up loud and clear and often.

However, President Nixon's speech indicated that he had not listened hard, and now it is up to the public to speak up loud, clear, and often until he does listen hard.

The President chose to reiterate old approaches. No new plan was revealed, only a determination to continue the war—by proxy if possible—a war open ended in casualties, in time and in expense.

It is apparent that the administration's plan is to reduce our troop level to about 250,000 at some future time, restrict military operations in order to keep casualties down and hopefully shift the combat burden to the South Vietnamese.

This is the Johnson strategy, intended to be made more palatable and more acceptable by token withdrawals, reduced casualties, and lower draft calls.

The President refused to disclose any timetable for the withdrawals which he said would come as the burden was shifted. This is reminiscent of his words as a candidate in the winter of 1968 when he talked about a secret plan by which he would bring about peace in Vietnam. He has had 10 months in office,

and yet even in his speech last Monday night, which had such a deliberate build-up, he failed to outline any new plan.

The President did mention three unpromising grounds which he said would guide future withdrawals of American troops.

First, progress at the Paris peace talks.

I think it should be recognized that there has not been and there cannot be any progress at Paris until the administration accepts the political realities in South Vietnam. As long as the administration refuses even to discuss a future political role for the National Liberation Front or the Vietcong, how does it expect that the talks will be moved off dead center?

Since the opening of the Paris talks 18 months ago there have been almost 17,000 casualties. Can we afford to let them drag on for another 18 months?

The other two criteria by which the pace of withdrawal will be determined are the level of enemy activity and the progress of the Vietnamization program.

By using enemy activity as a measuring stick, the administration is severely limiting it freedom of action. North Vietnamese activity has always fluctuated in cycles.

As far as preparing the South Vietnamese to assume the burden of combat, if we have not been able to achieve Vietnamization of the war in 8 years, how many more years will it take? How much longer will it take for the Vietnamese to be strong enough to defend themselves?

In his May 14 speech, President Nixon said that he had ruled out attempting to impose a purely military solution. If a military victory is not the objective, why should the war be prolonged in order to keep the present Saigon regime in power?

Mr. BURTON of California. Mr. Speaker, will the gentleman yield?

Mr. RYAN. I yield to the gentleman from California.

Mr. BURTON of California. Mr. Speaker, I would like to commend my distinguished colleague from New York (Mr. RYAN) and associate myself with his remarks.

Mr. Speaker, for nearly 3 weeks the people of this Nation were prepared by every conceivable public relations device to be a receptive audience to the President's November 3 Vietnam speech.

For some 32 minutes last Monday, President Nixon read a document which can only be noted for its lack of real purpose. No new initiative for peace was explored. No new light was shed on the Nixon plan to end the war. That plan is as nebulous and secret now as it was when it was first alluded to in the course of the campaign over 1 year ago.

President Nixon's only new theme was to take a slightly higher road—comparatively speaking—from the low road on which Vice President AGNEW embarked to discredit the growing opposition to the war and to discredit those who give voice to that opposition.

This tandem performance from the White House has but one end—to silence dissent.

This administration wants to impose silence and they want to use that silence as an indication of support. We see this repeated over and over again in the use of the theme of the silent majority.

Herein lies a contradiction that poses a very real moral problem and question of conscience for those who might be moved to heed the administration's plea. If silence is to be interpreted as assent, as a blank-check approval of policies which are, by and large, unknown to the American people, is not speaking out then the responsibility of those who doubt the wisdom of our course, who question any aspect of this war, or who simply oppose this extraordinary, undemocratic and illogical concept that silence should prevail in a free country?

Is it not our responsibility, we, who opposed the war, to speak out more eloquently and more frequently lest our silence now condemn us?

Mr. Speaker, I had the opportunity to speak to students on three campuses in California on the occasion of the October 15 moratorium. I spoke at the Berkeley campus of the University of California, one of the Nation's finest public institutions. I spoke at a combined convocation of St. Mary's College and Holy Names College students on the St. Mary's campus. And I also spoke to the students and faculty at the University of San Francisco.

What I saw and heard there were young men and women who were deeply concerned about their country, about its institutions, about its image as a great and humane Nation, and about their role as citizens in this free society. These were young men and women who seek to preserve the lofty but basic ideals which gave birth to this country.

These were men and women who see the world we live in as evolving and constantly challenging man to live up to these ideals and to expand his horizons so that the light of human freedom and dignity penetrates even the remotest shadows of our planet.

This is a concerned generation. This is a generation which will not sit idly by and watch and remain silent when humanity and conscience cry out against silence.

This is a generation which has learned the lessons of history.

This is a generation which knows that silence allows a people to be systematically destroyed in the ovens of Dachau and Auschwitz.

This is a generation which knows that 100 years of silence kept black Americans in bondage long after the Constitution gave legal standing to their unalienable human rights.

This is a generation which knows that even in a free society, demagogs can inhibit education and free expression, that innuendo and character assassination, so prevalent during the McCarthy era, can do irreparable damage to the good names and well-being of our citizens and that fear and hysteria can grip people who will remain silent.

This generation takes seriously the words of Dante that "the hottest places in hell are reserved for those who, in times of great moral crises, maintain their neutrality."

They will not be neutral.

They will not be silent.

They speak out as a concerned and free people. They exercised their right—their obligation—to peacefully cry out against the crime of silence and the crimes which silence permits.

History cannot record the words of the silent nor can history catalog the deeds of those who watch from the wayside. Neither is mankind served by the complacent and smugly self-satisfied nor is the cause of human dignity and peace advanced by those who are not moved by the suffering of others.

These are the lessons which this concerned generation has learned.

This is the motivation of the young men and women to whom I spoke. I was proud to raise my voice with theirs and to continue to attempt to give expression to their ideals and aspirations, and to their real and abiding faith in this great Nation.

To speak out against the war in Vietnam is an action demanded by conscience, demanded by human decency, demanded by concern for the history and the future of this great Nation.

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

Mr. RYAN. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Speaker, I commend the gentleman for appearing on a special order and getting the time to speak on this subject.

I wish to join in the colloquy with respect to the Vietnam issue.

It has long been apparent that there is no way within the ambit of reasonable risk to win the war in Vietnam. If this basic point is no longer in doubt, then there are certain arguments and premises which fall of their own weight; yet we are reluctant to recognize their irrelevance.

These arguments and premises are loaded with emotional appeal and innuendo and until they are recognized as moot questions, they stand in the way of concluding the war.

As a Nation, we are a great mixture of idealism and pragmatism. We are not willing to adopt a course merely because it works. We must gloss the theory behind the course of action with the varnish of honor. Thus, there has been much talk about "an honorable peace," that we will end the war on any "honorable" grounds. I shall support here the proposition that the most honorable way to end the war is to end it now or at least promptly, without trying to substitute the ARVIN for the United States.

ARGUMENT FOR DELAY UNTIL HONORABLE PEACE IS ATTAINED

But the argument for delay until "an honorable peace" can be attained insinuates that somehow the honor and respect due to the soldiers who have died in the cause of the United States in Vietnam is in some manner impeached by our recognizing the simple truth that the cause was questionable and the victory unattainable.

Honor does not rest upon such tenuous grounds. In the South, names like Stonewall Jackson and Robert E. Lee stir our blood, but they fought for a cause as questionable and for a victory as unattainable as that in Vietnam. Indeed,

honor has been linked with futility from Thermopylae to Balaclava. It is no slur upon the Light Brigade to recognize that their commander was a fool to order a charge into the valley. Fannin's men were no less heroic for fighting in the clearing, under orders, rather than taking to the woods.

The argument for delaying the conclusion of the war in Vietnam until "an honorable peace" can be obtained also insinuates something like this: That honor is lost if we do not place in secure authority a democratic government in Saigon. This argument might bear weight if two things had been the case:

First, had the government in Saigon been a democratic government in the first place; and

Second, had it been invaded by an external force, as was the case in Korea.

But neither tenet existed in Vietnam. And this is precisely why it is impossible to make the present government in Vietnam secure without advancing well along the road to genocide.

The options are not a democratic government on the one hand, an autocratic government on the other, or a free enterprise system on the one hand, a Communist system on the other.

The hard fact is that we cannot place in secure authority a democratic government in South Vietnam because there is not presently a viable organized force which deserves this appellation.

There is a third facet to the argument that withdrawal should be conditioned on "an honorable peace." It is the strongest of the three and has one aspect which is valid. The argument is that we must not let an ally down so as to be responsible for wholesale slaughter. And it is true that no matter how shaky may be our grounds for being in Vietnam—or staying there—the cost in human lives in getting out is a compelling consideration and should be the governing one in determining how we should get out.

But if this is the guide for our timetable, it may not greatly lengthen that timetable. In a year or so the humane aspects of the question would become moot for, in that time, if we may judge the future by the past, more than 100,000 lives would be lost. Even the most savage purge could hardly reach this figure.

Upon the basis of the first 8 months of this year, the loss of life for 1969 for the United States and our allies alone will be, respectively, 10,000 and 15,000. This does not include civilians nor North Vietnamese and the Vietcong. Such losses will hardly be less than three times that of our soldiers and their allies.

You can see, by the considerations I have laid before you, that I am not speaking without the utmost respect for the honor of our dead. I am not speaking without the profoundest and strongest preference for democracy over communism, and I am not speaking without compassion and concern for the lives of those who have been in the cause with us and who would be left behind. But that does not prevent me from insisting that the war must end, the President must recognize the necessity of its ending, and the process of folding up our tents and going home must start now.

ARGUMENT THAT WE MUST WAIT UNTIL WE CAN TURN THE WAR OVER TO SAIGON

The easy way for a politician to avoid recognizing that we must get out and that we must get out without having attained our stated objective is to say that we are going to turn the war over to the South Vietnamese, that we have given them every chance and have secured them in a favorable military position, and that they must now win the war. I do not believe that anyone with the least familiarity with the facts believes this. It is just a comfortable position to take, one that seems palatable to a public which is neither hawkish nor dovish but simply wants out of what it considers a naggingly uncomfortable war.

But to take this position does not get us out of the war. It sets our sights on attaining the impossible. Premier Thieu himself has said that the South Vietnamese cannot go it alone even after 1970.

For 4 years now we have been chasing a pot of gold at one end of the rainbow called "ending armed aggression against South Vietnam." If we kid ourselves that we can simply turn the war over to the Vietnamese, we simply pursue a pot of gold at the other end of the rainbow called "shoring up Saigon to fight off Hanoi."

And I think we are kidding ourselves, for these reasons:

If the most powerful country on earth cannot win this war, how can it win by proxy? The regime in Saigon does not have the moral status, the training, the leadership, nor the incentive to take over the war.

First, it is not, in fact, a democratic government that commands the respect of the people in a great cause.

Tom Buckley, in an article in the New York Times Magazine, October 12, 1969, says:

> Every province and every district is run by an officer. It appears that even the recent elections were dominated by commanders of militia units and security officials.

Truong Dinh Diu, who finished in second place in the presidential election, is a political prisoner in Conson Prison for urging openly and politically negotiation with the Vietcong.

The third place finisher, who was first appointed premier upon American urging, has now been dismissed and has been replaced by Gen. Tran Thien Kheim who has put the military in every position of importance in the country.

If it may not be said that all the general officers under the Saigon Government served with the French during the first Indochina war—and this statement is substantially true—it can be said that none served in the resistance to the French. The army is shot through with privilege and this is shown in its line officers composed of the elite and privileged, largely from Saigon. It does not utilize—perhaps cannot—the great reservoir of unlettered peasant boys who could make good, tough sergeants and lieutenants.

Second, the South Vietnamese army is untrained and weakly motivated. We can give it equipment but cannot immediately give it the training to use this equipment, and we can never give it motivation.

South Vietnam now has about a million men under arms, but the half million Americans have been the cutting edge of the force. All these, plus their allies—about 1.6 million in all—have not been able to flush out and subdue an estimated 100,000 North Vietnamese and another 100,000 Vietcong. How can this be done if the cutting edge is removed?

The South Vietnamese Army is poorly trained, miserably paid, and abominably treated. The desertion rate is from 20 to 25 percent; 350 of these Vietnamese troops are being killed each week, about twice the rate of the Americans.

I believe that by continuing the war until we can prepare the South Vietnamese to take our place we are only delaying an unfavorable military conclusion.

All this cost of the war runs on as we attempt to put ourselves in the best position for getting out of it, and this "best position" is largely a question of saving face, of protecting the image of the President, and of easing ourselves out of a political morass.

Alternatively, I would at least try to obtain a partially favorable diplomatic conclusion. I think this was what Averell Harriman was trying to do when he was relieved of his post as chief American negotiator in Paris. I do not believe we are really trying for this now.

THESE ARGUMENTS ARE MORE THAN OFFSET BY THE COSTS TO AMERICA

In the meanwhile we continue a war which divides our people, brutalizes our minds, confounds our economy, and brings untold tragedy to hundreds of thousands of American families. Let me point out to you why the war does each of these things:

It is hardly necessary in these days of domestic unrest to point out to you how the war divides our people. It is the war that has triggered the throwing over of the traditional forms of political dissent and reform and substituted for them a process which in many cases itself stifles free speech. It is the war and the understandable resistance to its senselessness that make every liberal legislator slog through the morass of a know-nothing backlash to try to attain the slightest domestic reform.

The war brutalizes us. What a horrible thing it is to read that men, acting in the interests of the United States in Vietnam, have been assigned the duty to be both judge and executioner, have taken a man subdued and in their power, drugged him, shot him in the head, and sunk him in the China Sea.

The war confounds our economy. It raises the prime interest rate to 8½ percent, thus preventing hundreds of thousands of young families from buying homes. It raises prices beyond the reach of those on fixed salaries, like old persons, and of those whose salaries do not rise as fast as prices, like teachers and civil servants.

But saddest of all is the untold personal tragedy of the war. Veterans hospitals will be filled for a long time to come with human wreckage, the result of the casualty figures which, for Americans alone, now stand in excess of a quarter million, and then there is the grim figure of the dead—over 45,000 Americans have died in the war.

Now let us look at the other figures for the dead. Our stated purpose for being in Vietnam is to protect the people of South Vietnam from invasion. Presumably, we are there only if that Nation's people are to receive a net benefit from our presence, but the war has caused the death of about 95,000 South Vietnamese.

Consider, also, the terrible loss to that unhappy area of Southeast Asia which, in throwing off a colonial yoke, has fallen into this conflict which is largely a civil war. The loss of life of the North Vietnamese and the Viet Cong now exceeds 550,000 persons, a figure just about equal to the terrible carnage of the American Civil War.

What, precisely, can we accomplish if we win the kind of military victory that leaves a ravished land without a viable government?

The tragic figures do not tell the whole story. They do not tell of broken homes, of ruined businesses, of psychological disturbances and all the sordid side effects of the war, but the annals of these tragedies are written in every Congressman's correspondence file.

The war, too, brings financial ruin and domestic poverty to many families when the head of the family is overseas. Is it not ironic that there are those who call this protest a failure to support our men in uniform when our Government has so poorly supported them as to throw from 20,000 to 50,000 of their families on relief?

This then is how the war divides our people, brutalizes our minds, confounds our economy, and brings untold tragedy to American families.

OUR POSITION UNDER PRESIDENT JOHNSON

All of this made more sense, or at least held together as an arguably tenable position, when President Johnson was insisting that the war could be brought to a favorable military conclusion. Hanoi was at least threatened with terrible cost and possible military destruction if the war was continued. North Vietnam called our hand and stayed in, as did the Vietcong.

Then came the Tet offensive. The Vietnamese dead may be numbered conservatively at 52,000 for that bloody 3 or 4 weeks. Of these, some 6,000 were our allies in the Army of the Republic of Vietnam. And another 8,000, at least, were South Vietnamese civilians. The remainder of the 52,000 are considered to be Vietcong and North Vietnamese, but there is still no way to tell, with any degree of accuracy, how many of these were merely civilians.

In addition, there were about 600,000 people in South Vietnam who were made homeless wanderers as a result of the vicious fighting in the cities and towns.

After the Tet offensive, the pacification movement in the countryside fell apart. In less than a month we had lost 1,500 American lives, and, by the winter of 1968, the weekly fatality rate had surpassed that which occurred in the Korean war. It began to be apparent to the people of the United States that it is nearly impossible to prop up a local government with one hand and wage a widely expanded land war with the other. We began to understand that a nation embracing one-tenth of the population of the non-Communist world may be able to stem a burst of aggressive force across a border, but we cannot police the world.

As the American people began to understand these hard truths, it became less politically hazardous to announce an intention of withdrawing from Vietnam. But it was still deemed expeditious to talk of leaving the war to the South Vietnamese.

Just before he left the White House, President Johnson, on Secretary Clark Clifford's advice, began to accept this position. Richard Nixon, upon his ascendancy to the Presidency, accepted it outright, but Mr. Nixon has not accepted the real concomitants of the hard situation I have outlined.

Once we have accepted the inevitability of moving out our troops over some span of time, there remains no reason to extend this span of time for the purpose of strengthening our hand in negotiations. It is ludicrous to assume for the reasons I have pointed out that Hanoi would take all the punishment she did against a massive and determined effort of the United States to beat her militarily but would not take whatever risks and costs are involved in staying out the transition period while the United States turns the war over to Saigon.

We cannot improve our bargaining position by pretending to Hanoi that we are building up a powerful South Vietnamese force to whom we shall hand over the war. There is now no threat of future risk to Hanoi of anything like the magnitude of the threat which existed under the Johnson administration.

MR. NIXON'S POSITION IS UNTENABLE

Now Mr. Nixon tells us again what we have been told so many times before. We must have patience, that the President has a plan and a schedule of troop withdrawal that cannot be revealed. There are hints that great developments are in the offing, but that if we rock the boat it will destroy the prospects for peace.

Well, one of the speakers today has said that President Nixon has not learned from President Johnson's mistakes. Though I agree with my friend, Bill Ballew, on most things, I disagree with him on this point. Mr. Nixon has learned everything from Mr. Johnson's mistakes—except that they were mistakes.

Secretary of State Rogers opines that this war, like old generals, may just fade away. But it will not do so when American efforts at the front are still as clearly aimed at a military solution and are conducted with unabated vigor. We admit that North Vietnamese infiltration is at a mere trickle and Vietcong activity is at a lull. Yet we press on inflicting as much punishment as possible.

The goal remains but a different kind of military solution: the gradual replacement of American troops by South Vietnamese troops. But at the present rate, withdrawal of our troops would take 6 years and our commitment for munitions and military supplies would presumably continue much longer.

President Nixon announced his plans for troop withdrawals from Vietnam on June 8, 1969. On June 7 there were 537,000 American troops there; on October 4 there were still 509,000 Americans in Vietnam. This means that there was a net reduction of 28,500 American troops in 4 months.

Applying this same rate of change to the entire gross troop level as of June 7, it will take us 75 months or over 6 years to completely disentangle ourselves from the Vietnam nightmare.

This course, to me, is not acceptable. It still entails all the costs I have outlined. A new course must be taken, one that looks toward a coalition government—a settlement of hostilities, not a continuation of them.

There are, I think, pressures on all Vietnamese inclining them toward a negotiated peace. A nation which has been so long torn by war must yearn for peace. The fashioning of an orderly transition from war to peace under a coalition which may be likely to sustain that peace is an incentive for negotiation.

But a negotiated peace is not likely to be obtained when we are attempting to negotiate hard line objectives that we had not been able to obtain by an exercise of military force. We must decide to get out of Vietnam, frankly abandoning the hope of military victory, at the same time attempting to negotiate an orderly transition from war to peace.

Of course, the scope and reach of our goals are within a narrower horizon than we thought existed when we were fighting for a military victory. But this scope can in no wise be widened by stretching out the war. The lower horizons are the result of a lesser commitment of U.S. military participation in Vietnam, a commitment that President Nixon has already made and which cannot—within the realm of reasonable political possibility—be reversed. Our posture in this respect is already crystallized and our moving toward immediate liquidation of our military activity in Vietnam would not substantially affect our bargaining position except, possibly, to remove us from a position of stalemate.

The President is not facing these hard facts. He is trying to blow life into a cause which is sputtering out.

It is as if a runner carrying a torch should drain his own strength by blowing up its flame before handing it over to one too weak to carry it further.

The most honorable course is the most honest course: to begin in earnest to liquidate the war in Vietnam now.

Mr. RYAN. Mr. Speaker, I should also like to point out that the very idea of Vietnamization is in specific contradiction to the statement by the President that he was willing to negotiate on the 10 points which were outlined at Paris by the Vietcong last May. The President said in his letter of July 15, which he revealed he had sent to Ho Chi Minh, that he was willing to discuss specifically the 10-point program of the National Liberation Front.

The response which came back from Ho Chi Minh said clearly that the 10 points of the National Liberation Front were a "logical and reasonable basis for the settlement of the Vietnamese problem."

That letter was dismissed in the President's speech, as showing Hanoi's unwillingness to negotiate, but I suggest that it was dismissed either without a critical analysis of the import of its meaning or else simply in an effort to persuade the American people that a meaningful initiative had been rejected.

Mr. STRATTON. Mr. Speaker, will the gentleman from New York yield to me?

Mr. RYAN. I will shortly, but not at this time.

Mr. STRATTON. But I thought the gentleman wanted a debate on this subject.

Mr. RYAN. If the gentleman will wait his turn, I have agreed to yield first to other colleagues. We have reserved ample time, and I hope the gentleman will remain on the floor and participate in a full-scale debate.

Mr. STRATTON. I thought the gentleman objected to cutting off debate. The gentleman is reciting something that he has written here which he has repeated many times. Is not the gentleman interested in debating the issue instead of just reading his remarks?

Mr. RYAN. In the first place, what I am saying today relates to the speech which was made on November 3 by the President of the United States and, therefore, it is a commentary on the meaning of that speech. I have repeatedly said to the House that we should not be involved in the war in Vietnam and I have opposed the policies of the past administration and this administration, as the gentleman well knows.

If the gentleman will proceed in order, I have promised to yield to the distinguished gentlewoman from Hawaii and others, and at an appropriate point I will be very happy to yield to the gentleman from New York.

Mr. STRATTON. The gentlewoman from Hawaii is going to support the gentleman's position. Does the gentleman not want to hear the other side?

The SPEAKER pro tempore. Does the gentleman from New York (Mr. RYAN) yield to the gentleman from New York?

Mr. RYAN. Mr. Speaker, I decline to yield to the gentleman from New York at this time.

Mr. STRATTON. Mr. Speaker, will the gentleman yield for a parliamentary inquiry?

The SPEAKER pro tempore. Does the gentleman from New York yield for a parliamentary inquiry?

Mr. RYAN. Mr. Speaker, I decline to yield at this time.

Mr. Speaker, at this point I yield to the gentlewoman from Hawaii (Mrs. MINK).

Mrs. MINK. Mr. Speaker, I would like to commend the gentleman in the Well, the gentleman from New York (Mr. RYAN) for his distinguished leadership in calling the attention not only of this House, but the attention of the Nation to our very grave concern about the lack of clear enunciation on the part of the President of our policy in Vietnam.

Mr. Speaker, I listened with great care and anticipation to the President's message to the Nation on his plan for peace in Vietnam. Like many who expected to hear the details of his plan I was sorely disappointed. I had hoped that after over 1 year's waiting the country would at last be told what his plan for peace would be.

President Thieu, in October, told his National Assembly that his country was prepared to accept the complete removal of American men by the end of December 1970. I had hoped that President Nixon would reaffirm this statement in his speech of November 3. He pledged withdrawal but without a timetable of hope for the American people. The argument that such a timetable would stifle negotiations in Paris is specious, because withdrawal is itself admitted. If the President had affirmatively stated the plan for withdrawal indeed it would have had the effect of focusing the Paris talks on the essential issues of how to implement the principle of self-determination which the President says is the only goal which is nonnegotiable. Instead, with the veiled threat of more fighting implicit in the unwillingness of the President to announce his plans for troop withdrawal, I believe that we have moved further from the prospects for peace and effective self-determination in South Vietnam.

I take this time today to urge the President to call for a cease-fire, and a withdrawal of all American troops at least by December 1970 subject only to necessary safeguards for the safety of our men. The President has stated that he will not be persuaded by pepole who take to the streets to demonstrate their opposition to his policy. But he asks for the "silent" voices to respond. He is moved by the wires and letters he has received in support of his policy. I would, therefore, urge that all those who believe that this Nation is capable of greater initiatives for peace respond to the President's call, and immediately write him urging a cease-fire and a promise of withdrawal of all troops at least by the end of 1970. Indeed I am convinced that the "silent majority" is for an absolute plan for peace, now.

Mr. RYAN. I thank the gentlewoman from Hawaii very much for her excellent contribution to this debate. I would like to comment briefly on one point she made and that, of course, is the effect of the President's speech on the Saigon regime. The President's speech has made President Thieu of South Vietnam more intransigent than ever. He is less flexible in the wake of the President's speech than he was when he made the remarks the gentlewoman quoted. After the speech, quoting from the statement of President Thieu, he said that President Nixon's speech was "the right policy and one that conforms with our just position."

The chief effect of the President's speech was to make the Saigon government more inflexible. How is there a basis for negotiations if the policy is one of building up the South Vietnamese Army to preserve the present government?

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

Mr. RYAN. I yield to the gentleman from New York.

Mr. KOCH. I thank my colleague from New York for yielding. I would like to make a comment on the President's speech. Before I do so, I would also like to comment on what we are facing with respect to the bully boy tactics of Vice President AGNEW and Attorney General Mitchell. I think we are witnessing an attempt to intimidate peaceful protest in this country, and I would like to suggest to those gentlemen and others in the administration that they demean the democratic process when they try to prevent and chill dissent. It is not in the interest of our Government to prevent people from speaking and from protesting in a peaceful way—the way guaranteed under the Constitution.

Sometimes when I hear the Vice President make some of his remarks, which at times border on the irrational, it occurs to me that he is the kind of person who would be capable of making a crank call on the hot line. I think it is an unbearable and insufferable situation and one that ought not to be tolerated.

Now I would like to make a comment with respect to the President's speech.

I am profoundly saddened and disappointed by President Nixon's policy statement on Vietnam this week. I can only conclude that the President and his advisers are tragically out of touch with the American people. At a time when we were most in need of new policy and new hope, President Nixon merely reiterated old assumptions and empty platitudes.

In 1964 the American people elected Lyndon B. Johnson who promised that American men would not fight and die in a war on the Asian mainland. They were deceived. In 1968 the American people elected Richard Nixon because he promised a secret plan to end the Vietnam war so that American men would no longer fight and die on the Asian mainland. Again, the American people have been deceived.

Now the President says he has a "secret timetable" for bringing the troops home. I did not believe him in 1968 when he said that he had a secret plan to end the war, and I cannot believe him now when he says he has a secret timetable for troop withdrawal.

The President now attempts to divide the American people into the "vocal minority" and the "silent majority." In the absence of new policy, the Nixon administration seeks to divide and conquer public opinion with the bully boy rhetoric of the Vice President and the Attorney General. How sad, how grotesque is their assumption that the silent majority can be kept silent by such tactics.

Well, let the American people, vocal minority and silent majority, make one thing clear to the President—they are fed up with broken promises and they are sick with grief and outrage that American lives will continue to be sacrificed in Vietnam.

Our Government has allied itself with a corrupt and repressive regime in Saigon and tied our withdrawal rate to the forbearance of an implacable enemy. This is surely not a policy that offers any hope for an end to the killing. The

silent majority knows it, and I do not think they will long tolerate such futility.

The President has told us that "our greatness as a nation has been our capacity to do what had to be done when we knew our course was right." The time has come for all Americans to impress upon the President what has to be done—to call for a cease-fire and accelerate the withdrawal of all American troops from Vietnam.

That is the right course—that must be the President's course. Our greatness as a nation depends on it—more important, the lives of our fighting men depend on it.

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

Mr. RYAN. I yield to the gentleman from New York.

Mr. OTTINGER. Mr. Speaker, I set forth at length yesterday my reactions to the President's speech on Vietnam.

I have only one thought to add here.

I have a great fear, Mr. Speaker, a fear that I hope is not founded, that the present administration may be consciously trying to so provoke those who disagree with its policies on the Vietnam war so as to instigate an incident during the coming November demonstrations.

I most sincerely hope this is not the case, Mr. Speaker. Yet it is hard to conceive that the harsh language used against dissenters by the Vice President with the consent of the President, as formally acknowledged yesterday by the chairman of the Republican National Committee, can serve any other purpose.

Then, today we learn that the Department of Justice has denied a permit to those who wish to petition their Government to change its policies by conducting a march from the White House to the Capitol down Pennsylvania Avenue. The Department must know well that a denial of the opportunity to express dissent can only aggravate the situation and encourage those who despair of peaceful protest.

I strongly appeal to all those who are involved in the November demonstration not to succumb to this lure or any other administration provocation, for any incidents of violence can only play into the hands of those who seek to discredit the dissenters and the entire peace effort.

Even more strongly, however, I appeal to the administration to stop actions and language that can be construed as designed to provoke emotions and deny the opportunity for dissent to be expressed in an orderly manner. Such statements and actions are of questionable constitutionality and certain lack of wisdom.

If the President really wants, as he has proclaimed, to lower the voice of his administration, it is difficult, indeed, to understand why he condones the Vice President's noisy, boorish, intemperate pronouncements and his Justice Department's restrictive actions.

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

Mr. RYAN. I yield to the gentleman from New York.

Mr. WOLFF. Mr. Speaker, listening to the President's speech Monday evening one could not help but be impressed by his honesty and the fact that he believes he is taking the correct path in Vietnam. For these reasons one cannot question the fact that the President believes the so-called silent majority of Americans approve of his methods in the pursuit of peace.

However, I, for one, have serious doubts about the validity of the President's assumption. I fear that the President, like his predecessor, is becoming isolated from public opinion by the complexity of government and the awesome responsibilities of his office.

This situation could be improved if the mood of the Nation was adequately communicated to the President. However, it is clear that there is a recurring communications gap both to and from the President's office and that the President does not fully see the strong public sentiment for a quicker end to the war. This isolation from public opinion was never more dramatically evidenced than in the President's most recent speech.

Certainly, it must be acknowledged, it is always difficult to correctly assess public opinion.

There are so many polls taken and the results vary so greatly that virtually anyone can find a poll to support his position.

There are those who view yesterday's election as a mandate of approval regarding the pursuit for peace. I cannot help but balance yesterday's voting against the clear pattern that emerged this year in the several special congressional elections.

It has been my opinion for some time that anyone who is close to the people can readily see their unhappiness with the situation. Of course, all responsible Americans agree on the desirability of bringing our men back from Vietnam as soon as possible without compromising their safety or American security. What we are questioning is how quickly this can be done. This, in turn, is based on one's assumptions about the meaning of the American involvement.

On the matter of what the public really wants, I must point out what people tell me—

They are not satisfied with token troop withdrawals.

They are not satisfied with a secret peace plan that remains secret while American boys die on a far-off battlefield.

They are not satisfied with the prospect of a protracted withdrawal that saves face but loses lives.

They are not satisfied with a policy that compromises our needs and economic stability to sustain a South Vietnamese regime whose only concern is the perpetuation of its own power.

The dissatisfaction of the Nation was reflected, in part, on moratorium day when students, housewives, businessmen, clergymen, and others who never before participated in a public demonstration turned out by the tens of thousands to urge a prompt end to the war.

But the President still maintains the assumption that approval of his course of action will be forthcoming merely at his request. This makes even more clear the disturbing problem of internal communications within the White House.

While the President has one assumption about public opinion, while many of us here in the Congress have a different assumption, and while the polls are truly inconclusive, there is one way we can settle this issue.

I propose that a national plebiscite be held on this matter. Such a plebiscite is feasible through the use of our modern technology and once taken it would enable all of us to know what the American people really want.

One word of caution. We all know that how a question is worded directly affects the answer received. Thus the question to be asked in a plebiscite must be framed objectively by a commission established for that purpose.

This plebiscite, quite importantly, should include young people between the ages of 18 and 21 along with all individuals qualified to vote in a presidential election.

Finally, Mr. Speaker, I would point out that we are said to be fighting so that the South Vietnamese can enjoy the basic right of self-determination. Let us transpose this high ideal to the homefront and give the American people the right of self-determination as to the course of our involvement in Vietnam; let us have a national plebiscite to find out, once and for all, how very much the American people want this war ended without further delay.

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

Mr. RYAN. I yield to the gentleman from Texas.

Mr. BUSH. Mr. Speaker, I simply would like to ask my colleague, the gentleman from New York, this question, because there have been some references to the President being isolated from public opinion and a question about the silent majority.

I would agree with our colleague, the gentleman from New York (Mr. WOLFF) as to the fact that there are very different polls, but it seems to me the poll taken by Gallup following the President's speech, which showed 77 percent of the American people approving and 6 percent disapproving, should, at least in the gentleman's mind, raise some doubt as to whether the silent majority is on his side or on the side of the President.

It perhaps is off by 10 or 20 points, but it is an overwhelming percentage, 77 to 6.

Thus I should like to ask either gentleman whether this does not shake him a little bit in his assessment that the President is isolated from public opinion or in his assessment that the President is making assumptions about public opinion which are invalid. It just seems so overwhelming.

I agree with our colleague who spoke before, that there is a difference of opinion on these polls, but I believe we would all agree that the most recent ones—57 percent before this one, and now 77 percent—do not leave too much room for doubt. I wonder where I misinterpret these figures.

Mr. RYAN. As I recall the 57 percent

poll, that was a much more thorough poll than the one to which the gentleman refers after the President's speech, which was a telephonic poll.

As for the one which recorded 57 percent, the American people were recorded 57 percent in favor of a complete withdrawal of U.S. forces from Vietnam by the end of 1970.

Mr. BUSH. May I correct that, sir? My reference was not to that particular poll.

Let us discuss the Gallup poll, the only one taken since the President's speech.

Mr. RYAN. As far as I know, there was no Gallup poll. As I read the press reports, there were a series of telephone calls made by the polling organization.

Mr. BUSH. What would the gentleman call it?

Mr. RYAN. A survey. I would expect, in the wake of a Presidential address, that there would be a response which he could interpret as favorable—a rallying around the President—not necessarily around what he said. It is not a question of whose side the silent majority is on. It is a question of whether the American people are on the side of peace.

Mr. BUSH. Yes.

Mr. RYAN. A question of whether they want this war to end and I believe they do. The question is how to do it. The President's policy does not enhance the prospects for peace.

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

Mr. RYAN. I yield to the gentleman from New York (Mr. WOLFF).

Mr. WOLFF. I should like to respond to the question as well for a moment.

I refer to the question Mr. Gallup asked, having come from the public opinion field, the communications field. One of the remarks I included was that it depends upon how the question is phrased.

I believe everyone in this Nation supports the President of the United States. I do not know very many people who do not support the President of the United States. It is a question of what it is that they support.

I might quote from the New York Times of November 4, a statement that was made by Mr. Humphrey. Mr. Humphrey said he found the country sick to the teeth over the war. He said he had never been able to sense this feeling while he was Vice President, but "now that I am out among the people I can feel it as I never did before."

I might say, with regard to the question of surveys, 2 weeks before that, in a Harris poll, 66 percent of the people said they want out of Vietnam.

I believe it is misleading to the American people and to the President as well to cite some of the polls that have been taken. That is why I have come out for the idea of a plebiscite, so that the people can speak once and for all.

Mr. BUSH. We have a plebiscite every 2 years. We had one yesterday, of sorts. Certainly I do not believe the gentleman can interpret the one yesterday as being overwhelming support for his position.

This is our system, and I believe the people spoke pretty clearly. There were some places with reasonable doubt. Couple that with the Gallup poll showing overwhelming support for the President.

Mr. WOLFF. Support for what, sir?

Mr. BUSH. Support for the position articulated by the President.

Mr. WOLFF. We all support the President.

Mr. BUSH. Do you support the President's position spelled out in his speech?

Mr. WOLFF. I support the President of the United States, and I will always support the President of the United States. I do not support everything he says; certainly not.

Mr. BUSH. The question was worded about whether you support the speech, the things he said in his speech.

I appreciate the gentleman's yielding.

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

Mr. RYAN. I am happy to yield to the gentleman from New York (Mr. LOWENSTEIN).

Mr. LOWENSTEIN. I want to talk about a few of the comments of the astute gentleman from Texas briefly, and then come back to the substantive question, which seems to me the more important one in the final analysis. But both questions—what the American people want to do, and what is the right thing to do—are valid and important questions in a democracy. I think we can agree that the answers to these questions may not always be the same. In this particular situation I am convinced that the answers are the same: The majority will of the country is to leave Vietnam as quickly as possible, and that is what we ought to do on the merits.

The gentleman from Texas refers to yesterday's elections as if they refute this contention. Now two Republican Governors were elected. Both hardly mentioned Vietnam. Thousands of voters would be astonished to hear that when they rejected Democrats who had been identified with the past national administration in favor of unusually attractive liberal Republicans who had wooed them with appeals to vote for more progressive policies—to vote for a change—thousands of voters would be amazed to learn that what they really were doing was approving the President's policy in Vietnam, which had gone virtually unremarked during long and thorough campaigns. It does no one any good to misinterpret election results that way. It tends to discredit elections as a way for people to express themselves on various issues when elections are cited to prove that people feel some way about some policy that escaped discussion until after the votes were counted.

Mr. BUSH. Mr. Speaker, will the gentleman yield further on that very point?

Mr. LOWENSTEIN. I am glad to yield further.

Mr. BUSH. I agree with the gentleman on that. The only thing that troubles me is that as congressional election after congressional election has taken place, such as the election that we just recently had in Massachusetts, the whole interpretation by many of our colleagues in this House to them was that this was a repudiation of the President in the prior elections. Now, when the President wins a couple of big ones Statewise you say that it has absolutely nothing to do with it. You cannot have it both ways.

Mr. LOWENSTEIN. In this case we can, because in the Massachusetts election—I speak with some knowledge, I campaigned for our colleague there—one of the chief issues discussed during the campaign was precisely this problem of the war. It was clear to everyone concerned that it affected the outcome of the election substantially.

Mr. HARRINGTON was outspoken and very clear about Vietnam, and defeated a highly esteemed opponent who specifically supported the President's position about Vietnam. No doubt Mr. HARRINGTON's personal appeal and efforts entered into the result—these kinds of factors are always present in elections—but he was elected in a district that had never elected a Democrat before. Of course that election did not establish a national trend, but I believe it is much fairer to find that vote relevant in assessing the national will on Vietnam than to use as tests elections where Vietnam was barely mentioned by either candidate. The election for mayor of New York comes to mind there, as you know, your former colleague was elected after campaigning quite explicitly, not the present policy in Vietnam. He has made clear that he does not regard his election as a triumph for the President's position. So this election had some significance as a test of people's attitudes about the war, even though it was limited to one city, a city you may not regard as necessarily typical of the Nation in all its viewpoints. Nevertheless, voters had the opportunity to speak their minds there, and Mayor Lindsay won despite the fact that he did not have the nomination or support of either major party.

Mr. BUSH. I do not question the gentleman's opinion of what the people of New York thought on that issue, but it is appropriate to point out that had the figures gone the other way, this well would have been full today of people saying that it was a repudiation of the President. Nobody pointed out in the Massachusetts election that Mr. Saltonstall got 47 percent in a district where President Nixon had only gotten 37 percent. So I guess the trend would show that he is coming on strong.

Mr. LOWENSTEIN. Well, the President may be able to wreak political magic more than most, but the notion that his appearance in New Jersey for several hours changed several hundred thousand votes suggests witchcraft more than political magic. And in any event, the congressional election in New Jersey seems to have returned a Democrat despite the President's visit to that State. So, perhaps we could agree that the elections yesterday, because of their nature, provide a very limited basis on which to judge what the people of this country want insofar as the war is concerned.

Your other evidence of support for the President is, I believe, a Gallup telephone poll that showed that people liked the President's speech.

Mr. BUSH. Yes; 77 percent.

Mr. LOWENSTEIN. And you think that connotes support for continued American involvement in the war? President Johnson had about the same percentage of approval for his speeches about the war, as I recall. It did not especially help him in the long run. Americans are notoriously generous in judging Presidential words. They judge Presidential deeds in due course.

Mr. BUSH. There was an undecided vote in that poll. Would the gentleman have joined that?

Mr. LOWENSTEIN. I would rather take a poll—my distinguished colleague from New York referred to it as a "plebiscite" a few minutes ago—on the question of the war, if we are to be guided by polls. Polls about speeches hardly seem central to the issue. I could suggest people who, given half an hour of TV time to talk to the country on behalf of our views on Vietnam, might get an even more favorable rating. Especially if the talk were constructed so as to appeal to the broadest possible number of people by relying on flag and national honor somewhat to the exclusion of substance. The President is very skilled at this kind of thing.

The response to the President's speech reflects respect for the sincerity and competence of his performance, and confusion about what he said so far as policy is concerned. Both those reactions are understandable.

But I did hope we could also discuss this problem on its merits—the rights and wrongs of various proposed policies, as well as their potential popularity. After all, all of us have to run for office and presumably if people do not like the position we take, we will be retired. I was elected in a district that is normally Republican after saying the same things in the campaign that I have said here. That fact might suggest that those who feel as I do are not, in Mr. AGNEW's vivid phrase, "impudent snobs," or fringe people representing a vocal minority.

Now, Mr. Speaker, about the merits, I want to read into the RECORD a statement by 10 of my colleagues and a number of columns and editorials by some of our most perceptive journalists and from some of our most distinguished newspapers:

STATEMENT

Monday night the President picked up a fallen standard, and proclaimed Nixon's War. On a closer look, the war he proposes to continue is dismayingly close to Johnson's War: a commitment to the pursuit in Vietnam of unattainable ends, open-ended in time, cost, and the use of American firepower against Vietnamese.

The fundamental flaw is in the narrowing of the choice to two positions: "precipitate" withdrawal or an indefinite commitment to prop up militarily the present government in Saigon (with the pious hope of transferring the ground war ultimately to the South Vietnamese forces). We do not propose either, and we find the President's Vietnam policy tragically ill-conceived for three principal reasons:

1. Short of destroying the entire country and its people, we cannot eliminate the enemy forces in Vietnam by military means which even President Nixon concedes; "military victory" is no longer the U.S. objective. What the President fails to recognize is that the opposing leadership cannot be coerced by any U.S. strategy into making the kinds of concessions currently demanded.

2. Past U.S. promises to the Vietnamese people are not served by prolonging our inconclusive and highly destructive military activitiy in Vietnam. It must not be prolonged merely on demand of the Saigon government, whose interest in preserving its status and power is served only by continuing the war with American support, not by settling it, and whose capacity to survive on its own must finally be tested, regardless of outcome.

3. The importance to the United States national interest of the future political complexion of South Vietnam does not justify the human, political, and material cost: a war which divides our people, brutalizes our minds, confounds our economy, and brings untold tragedy to hundreds of thousands of American families.

It is for these reasons that we conclude that United States forces in South Vietnam should be systematically withdrawn on an orderly and fixed schedule—neither precipitate nor contingent on factors beyond our control—to extend only over such period of time as shall be necessary to (a) provide for the safety of U.S. forces, (b) secure the release of American prisoners of war, (c) assist any Vietnamese desiring asylum, and (d) enable the U.S. to make an orderly disposition of its facilities in South Vietnam.

George Brown, Jr., M.C., Phillip Burton, M.C., John Conyers, Jr., M.C., Bob Eckhardt, M.C., Don Edwards, M.C., Donald M. Fraser, M.C., Robert W. Kastenmeier, M.C., Abner J. Mikva, M.C., Benjamin S. Rosenthal, M.C., William F. Ryan, M.C.

[From the New York Times, Nov. 4, 1969]

MR. NIXON'S "PLAN FOR PEACE"

President Nixon disappointed the nation's hope for a reordering of American priorities with a "plan for peace" that looks more like a formula for continued war. He proposed no new American initiative at Paris or in South Vietnam, preferring instead to reiterate the American position in terms reminiscent of those used by President Johnson and Secretary Rusk.

The President in effect committed this nation to defend the present Government of South Vietnam until it can defend itself. This is at best a remote prospect judging by the record of the past fifteen years. It also seems to contradict Mr. Nixon's own Asian doctrine under which, according to the President, the United States would leave with Asian governments the primary responsibility for their own defense.

There is justification for Mr. Nixon's impatience with Hanoi for its intransigence in the Paris talks and in private negotiations that have now been revealed for the first time. However, Mr. Nixon failed to mention even the possibility of such proposals as a ceasefire or a democratization and liberalization of the Saigon Government.

President Nixon has offered a plan for Vietnamizing the war. What is needed is a program for Vietnamizing the peace.

[From the New York Times, Nov. 5, 1969]

NIXON'S MYSTIFYING CLARIFICATIONS

(By James Reston)

On various occasions since the Nixon Administration came into office, its leaders and spokesmen have advised observers to watch what the Administration does rather than what it says. This is not a bad tip for anybody trying to analyze the President's latest speech on Vietnam.

Words are treacherous weapons, which can be used either to clarify or confuse, and this Presidential speech is one of the classic mystifiying clarifications of recent years. Taken in by the eye and ear over television, it was a memorable performance—good theater and maybe even good domestic politics, but was it good diplomacy? Did it achieve his objectives? Did it moderate the Vietnam critics and thus persuade the enemy of our unity, or arouse the critics and thus provoke more demonstrations of disunity, and thus play into the hands of the enemy?

One wonders. The speech did not really clarify the President's policy.

At one point, Nixon said that "we have adopted a plan which we have worked out in cooperation with the South Vietnamese for the complete withdrawal of all United States combat ground forces and their replacement by South Vietnamese forces on an orderly scheduled timetable."

But at another point in the same speech he said he would withdraw not only all American "combat ground forces" but that he would withdraw "all our forces." The difference between all American combat ground forces and "all our forces" is over a quarter of a million men.

GOING OR STAYING?

Meanwhile, again in the same speech, the President said that he was going to carry on the effort to maintain a stable government in South Vietnam. "We are not going to withdraw from that effort," he said. "In my opinion, for us to withdraw from that effort would mean a collapse not only of South Vietnam but Southeast Asia. So we're going to stay."

A few paragraphs later on, he said he had a plan "which will bring the war to an end regardless of what happens on the negotiating front . . . a plan which we have worked out in cooperation with the South Vietnamese for the complete withdrawal of all United States ground forces. . . ."

The speech clearly mobilized the opposition to the anti-war faction that wants peace immediately. The President presented some solid arguments here. It is true that quitting the war suddenly would, as the President says, have devastating human and political repercussions, but he tried to identify all his Vietnam critics with the anti-war extremists who want to cut and run, and this is not only unfair but raises a fundamental point about President Nixon and this speech.

This was no ghost-written job. We are told and it is probably true, that he wrote it himself. He was worried about what he calls the "vocal minority" in the universities and the press who have been opposing him, and felt that the "silent majority" was with him—though how he knows he had the majority if it was "silent" is not clear. So he set out to confound his critics and arm his "silent majority" with effective political arguments.

NIXON'S BLUNDER

Like all writers, he was obviously impressed with the logic of his own argument. His sincerity was almost terrifying. He put Spiro Agnew's confrontation language into the binding of a hymn book, and asserted he was different from Lyndon Johnson while sounding just like him.

Nevertheless, his actions are not Johnson's, and this is the point his violent critics have missed. His words are familiar but his actions are really different. Mike Mansfield, the Democratic Senate Majority Leader, got the point.

He noted that while the President said he had a "plan" but didn't disclose it, Vice President Ky of South Vietnam indicated that there was more to the Nixon speech than most Americans would hear. There would be nothing new in the President's speech, General Ky said before it was made; it would be addressed to the American audience, but he added a significant thing. Next year, he said, South Vietnam could replace 180,000 American troops. Presumably Ky knows whereof he speaks, so actions are likely to be more important than words.

The President has a very large audience

with many different constituencies. He needs the "silent majority" to counter what he calls the "vocal minority of critics," but in dealing with his domestic political problem he has created a really dangerous diplomatic problem. For he has committed himself to support the Saigon regime and to respond to the military actions of the enemy and, in the process, he may very well have limited his freedom of action and provoked the anti-war opposition he was trying to silence.

[From the New York Post, Nov. 5, 1969]

THE PRESIDENT'S ADDRESS: REMEMBRANCE OF WORDS PAST

President Nixon's TV address on Vietnam was another tragic anticlimax. After the three-week build-up preceding the event, the sense of letdown among millions of Americans must be especially acute. Those who ardently or fatalistically accept our continued entrapment in this war heard their ancient arguments grimly reiterated. But those whose doubts have steadily deepened can only find their anxieties reinforced on this somber morning-after.

It was Mr. Nixon's premise throughout that he spoke for a "silent majority" of Americans. But the barren repetitiveness of his rhetoric, so reminiscent of so many utterances delivered by his predecessor, may transform the growing legions of dissent into an articulate majority.

Once again the President presented the country with a transparently false choice—between total, immediate surrender, accompanied by wholesale massacre of innocents, or continued commitment to the corrupt, unrepresentative Thieu regime in Saigon.

At no point did he even concede the existence of a third course—U.S. pressure for the creation of a coalition, neutralist government linked to a clear timetable of American disengagement. He contended that disclosure of such a timetable would strengthen the enemy's will to resist. But the absence of such a declaration can only bolster Thieu's resolve to hang on and obstruct the emergence of a "third force" capable of negotiating peace and averting a blood-bath.

It is hardly coincidental that, a few hours before the pronouncements which the White House said had been cleared with Saigon. Thieu unleased a new assault on "neutralists." He was emboldened to do so by Mr. Nixon's assurances that even our limited withdrawal program is subject to change without notice—and that a reescalation of the war will be considered if the fighting expands.

Such words can only demoralize those non-Communist elements in South Vietnam that would constitute the basis of a coalition and that have begun to speak out in recent days.

Mr. Nixon placed heavy emphasis on his plan to "Vietnamize" the war. It is time to ask when we will begin to demand Vietnamization of the narrow, oppresive Saigon government.

In its major aspects the Presidential address was a reaffirmation of the "domino" theory—the notion that much of Southeast Asia and even Europe might fall into Communist hands unless the line is held in South Vietnam. Even in those terms his position was vulnerable. For if the stakes were truly that high, how could any degree of American withdrawal be warranted? Indeed, any real logic in the holy-war position enunciated by the President would seem to call for a larger American investment.

Perhaps the most troublesome question raised by the speech was what can only be described as a distortion of history. Mr. Nixon righteously read the letter he had addressed to Ho Chi Minh last summer, emphasizing his own desire for peace. He did not read the answer he received just three days before Ho's death; instead he labeled it a wholly negative response and hastily changed the subject.

Was it an empty answer? If so, why did Mr. Nixon choose not to read it but merely include it in the material handed out with his speech?

Examination of the text of Ho's reply will create widespread uneasiness about Mr. Nixon's abrupt dismissal of it. Admittedly there was the usual ritualistic adherence to the "ten-point program" of the NLF. But that was mingled with language that seems almost deliberately vague and flexible about "the right of the population of the South and of the Vietnamese nation to dispose of themselves without foreign influence" and concludes on this curiously unbelligerent note:

"With good will on both sides we might arrive at common efforts with a view to finding the correct solution of the Vietnamese problem."

Was this a brutal brush-off—or a guarded overture inviting further dialogue? Surely the President's performance would have been more impressive if he had not seemed so eager to bury the document.

This shuffling of papers cast a further shadow on a speech whose timing—not only the mid-moratorium season but preelection eve in areas where the President had himself actively campaigned—was so crudely contrived.

Mr. Nixon must have known that this address, containing no real break with past policy, offering no real promise of daylight, could not mute the peace movement. Too much of what he said has been heard too often before. The ovation must be read as an attempt to organize a counteroffensive on the domestic front among those who remain true believers in this deadened war; it explains why Mr. Agnew has been sent forth as a hard-line warrior.

But no matter what the exact arithmetic of alignment, this course can only set the stage for new discord in the country, new disaffection among the young—and many of their elders—and a rising spirit of confrontation.

There can be no semblance of authentic national unity in this setting; there can only be a renewal of the great national debate in tones of increased intensity. Despite this almost provocative rebuff, those who care about peace have a larger responsibility than ever to avoid violent, disruptive adventures. The issues are now clear and fateful again. It can only be the Administration's desperate hope that they will be clouded by mindless rage and diversionary disorder.

[From the Boston (Mass.) Globe, Nov. 5, 1969]

MR. NIXON'S WAR

After three weeks of mounting speculation and publicity about what he would say, President Richard M. Nixon addressed the nation Monday evening on the war in Vietnam. What he said, in essence, was not much new, although it seemed to mark a turning point, a crossing of the Rubicon, as it were. Given Hanoi's intransigence, it dashed all hopes of an early and orderly U.S. withdrawal from Vietnam, and placed all of the reliance for an end of the war on military strength, whether it is our own or South Vietnam's.

Doubtless the address was favorably received by many, and particularly in the central and western parts of the nation. Surely it contained no crumbs of comfort for opponents of the war. There were no specifics on further U.S. troop withdrawals. He did say that "by Dec. 15, over 60,000 men will have been withdrawn from South Vietnam." But this was accompanied by "not a threat (but) a statement of policy" that his plans are contingent on Hanoi's response.

Mr. Nixon clearly hopes to gain the support of what has been called Middle America for going on with the war. He has described the withdrawal urged by his critics as "precipitate," rather than "orderly." He has urged that we be "united for peace . . . against defeat." Many of his thoughts, if not his words, were reminiscent of President Johnson.

There was, in fact, a note of old-fashioned jingoism and old style Nixon when he declared: "I know it may not be fashionable to speak of patriotism or national destiny these days. But I feel it is appropriate to do so on this occasion." Surely these words were not called for.

President Nixon was appealing to what he called "the great silent majority" and urging unity behind his policy. He could not allow "a minority," he said, to dictate that policy. At the same time he said, as he has done before, that it "would have been a popular and easy course" to order immediate withdrawal of our troops.

Here is, as columnist Mary McGrory has pointed out, an implicit contradiction. Either immediate withdrawal would be popular, or it would not. We believe that it would be both popular and wise, if carried out in an orderly way and with adequate guarantees for the South Vietnamese.

In any event, Mr. Nixon cannot have it both ways.

The President made special point of stating that he "respects the idealism and shares the concern of the young people of this nation who are concerned about the war." But this was only after he had backhanded these same young people with the declaration that only Americans can "defeat or humiliate" the United States. The President's stated respect for the idealism of young protestors would ring truer had he told his countrymen that unwise leaders had gotten them into the most unpopular war in our history, and that he meant to get them out of it.

The President's speech was a kind of lawyer's brief for the defense. But the defense was not convincing. And in making it, he made the war his own.

He merely picked up where Lyndon Johnson left off.

NIXON DECLARES WAR ON PEACE MOVEMENT

After hearing Richard Nixon on Vietnam, one is tempted to paraphrase his Vice President: When you've heard one Vietnam speech, you've heard them all.

Lyndon Johnson has left the White House, but his hard line lives on within its walls. The rhetoric was Richard Nixon's, the theories were Johnsonian.

The President has expanded the domino idea, so dear to the Great Society, to include the Western Hemisphere. He spoke of "commitments" in terms that Dean Rusk could applaud. Our national security is still menaced in a miserable, devastated little country half way across the world.

Nixon described our stake in Vietnam in such compelling terms one wonders if he would have the courage even to contemplate turning it over to the South Vietnamese.

That is, nonetheless, what we are doing. The orderly withdrawal the President has in mind is still a deep, dark secret except in Saigon, but his attitude towards the conflict is at least crystal clear.

There is nothing wrong with the war that has split the country except that it was inefficiently fought. Richard Nixon, like his predecessor, is an unreconstructed cold warrior.

A White House aide, as the speeches were handed out to the press said that there had been much advice taken. But the President must have consulted the Joint Chiefs of Staff and hawk senators exclusively. There was not a crumb for the doves.

Instead, there was, in the Johnson manner, a presentation of statistics to show the tire-

less search for peace—"40 public meetings" in Paris and "11 private meetings."

Another gesture from the past was the unfurling of an exchange of secret letters with Ho Chi Minh. Nixon's reply was far gentler than some Johnson received, but Nixon showed it to display anew the intransigence of Hanoi.

Nonetheless, we shall continue a "flexible" timetable to bring Americans home—provided that Hanoi behaves and Saigon shapes up.

If Hanoi declines to be reasonable and steps up the fighting, all bets are off.

"You can't say he didn't say anything new," said a morose young worker at the Vietnam moratorium, whose October efforts brought on the speech. "He threatened to escalate."

Indeed he said, just as Johnson always did, that he would meet his responsibilities "for the protection of American fighting men."

"I shall not hesitate," he said in the most ominously reminiscent passage, "to take strong and effective measures to deal with that situation."

There was, in short, everything but the "coonskin on the wall."

In all this familiar jargon, there was one implicit contradiction which went unnoticed in the general gloom. The President said at the outset that immediate withdrawal "would have been a popular and easy course."

Yet several pages later, he was saying that he could not allow "a minority" to dictate the policy on the war and appealed to the great silent majority which presumably will support him. Logic has never been a strong point of Presidents who wish to press on in Vietnam.

Nixon has declared war on the peace movement, although he had a few words for the young who have been excoriated by his Vice President as "vultures," "rotten apples" and "impudent snobs." He is counting on Agnew apparently to whip up the rage of the right against the new demonstrations scheduled for Nov. 14.

He is, in short, trying to popularize the most unpopular war in American history, and counting on the coming demonstrations, which could be ugly and violent, to rally support for his unchanged stance.

The fate of the nation cannot be decided in Washington by the world's most powerful leader. He is at the mercy of the dedicated fanatics in Hanoi and the weak and corrupt "allies" in Saigon. He has "Vietnamized the peace" and also Nixonized the war.

His celebrated "plan" is now plain, it is the Johnson plan, which is to say and hope that the other side will realize who its enemy is and fade away. In the meantime, the prospects for peace, either in Vietnam or in the U.S. are fading fast.

In short, our approach is the way to achieve an orderly withdrawal. The President's approach, or approaches, can hardly be construed as "orderly," and it will have to be abandoned if we are ever to have an orderly withdrawal. The President's approach must lead to protracted conflict, or to saying one thing while doing the opposite. Neither of these courses seems especially desirable to me. An "orderly withdrawal," if that is in fact our goal, cannot be contingent on Hanoi's behavior, or on Saigon's. Neither is relevant, and both are booby-traps. We should withdraw on a timetable dictated by our own interests, and those require that the withdrawal be initiated immediately and be total, so far as our military activity in Vietnam and in Laos is concerned. Given those decisions, the timetable and other related problems could be worked out with a minimum of disagreement.

But lacking those decisions the President must understand that the "silent majority" unless he meant that phrase to apply to the large number of Members who support him on these matters in this House but who never show up to explain why—the "silent majority" is not for a protracted war in defense of the Thieu-Ky government. I suspect he knows that or he would have been more frank about the implications of his contingencies for getting out.

BARRY GOLDWATER waited a long time for the "silent majority" that was going to elect him President; he may still be waiting for it, for all I know. We are now seeing a revival of the silent majority doctrine, this time applied to the war. The President will have to learn, as Senator GOLDWATER did, that silence has not meant consent. I am glad that he now acknowledges the place of public opinion in formulating national policy on the war. We will do our best to show him what that opinion is.

Meanwhile, I hope he will read the remarkly lucid statement by my colleagues, Congressman BROWN of California, Congressman BURTON of California, Congressman CONYERS, Congressman ECKHARDT, Congressman EDWARDS of California, Congressman FRASER, Congressman KASTENMEIER, Congressman MIKVA, Congressman ROSENTHAL, and Congressman RYAN.

Mr. SCHEUER. And Congressman SCHEUER.

Mr. LOWENSTEIN. And Congressman SCHEUER.

More are adding their signatures every minute.

Finally, Mr. Speaker, the President's speech never faced up to the paramount question of this moment of our history: What, in terms of our national security or of our devotion to human freedom, what is at stake in Vietnam that justifies the death of a single additional American, or the expenditure of additional American money? To prop up the Thieu-Ky government for a while longer only to have it fall when we finally do leave?

What I saw during my recent visit to Vietnam makes it impossible to persuade me that that government will ever be able to stand on its own feet, and given that fact it is lunacy to defer its fall at the cost of so many additional lives, theirs and ours. We have propped up unpopular South Vietnamese governments to the tune of more than 300,000 American casualties and more than $100 billion American dollars. If that is not enough to keep them propped up, nothing is. They are not fighting Russians and Chinese, after all. They are fighting North Vietnam, which is less developed economically, whose population is no greater, and which has a government that is supposed to be hated by the people it is alleged to repress. Seven years' support for a government facing that kind of adversary seems quite enough to fulfill President Eisenhower's and President Kennedy's original commitment.

Two more years, or maybe 3 more years—that is to undertake yet another commitment, and before it is undertaken I believe the American people should know the facts and make a decision. No one wants more massacres. When we leave we should see how many people want or need asylum, and we should help organize an international program of assistance for those who would need it. But that will have to be done sooner or later in any case, unless we are prepared to stay on forever.

I thank the gentleman for yielding, and, more than that, for his continuing diligence and valor in the effort to end American involvement in the war.

Mr. RYAN. Mr. Speaker, I thank the gentleman from New York. I think he has stated very well the merits of the problem that confronts us. Let me say that I appreciate his reading the statement which 10 of us issued today. Our statement did point out that the President has tried to limit the options to just two alternatives, a "precipitate withdrawal" or an indefinite commitment to shore up militarily the present Saigon Government, replacing our ground combat troops with South Vietnamese as they are able to take over.

We outlined another plan—a systematic, orderly withdrawal from South Vietnam over such a period of time so as to provide for the safety of American troops, to secure the release of American prisoners of war, and to assist with asylum those Vietnamese who have relied upon us.

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

Mr. RYAN. I yield to the gentleman from New York.

Mr. SCHEUER. Mr. Speaker, I applaud my colleague for his fine statement, and I share his disappointment in the President's speech of last Monday.

Mr. Speaker, last year on this date the American people elected a new President, who supposedly was offering a basically new Vietnam policy.

Sadly, in his speech Monday evening, President Nixon evidenced the same persistence and endurance in carrying out mistaken policies in order to attain our common goal of peace in Vietnam which distinguished his predecessor. Underlying Mr. Nixon's views were the same erroneous assumptions that have brought both Vietnam and the United States years of turmoil, pain, and tragedy. He portrayed the war solely in terms of an international conflict, and thus inferred it can end only when the "foreign aggressor" wants it to end.

The generals who have been running this war under two administrations have been trained in a system which rewards the unexceptionable, and discourages the creative and innovative. They and their colleagues have been trained to think in terms of crushing force, not finesse. It is painfully obvious to me that the lessons of the limitations of brute strength are being ignored by President Nixon and his advisers just as they were by the last administration.

Finally, I believe that the Nixon policy of Vietnamization will not bring any end to the conflict. It can only keep in power a repressive corrupt regime that has repeatedly hamstrung our negotiations in Paris, has adamantly refused to consider broadening its base by extension or coalition, and appears demonstrably unable to command the widespread loyal-

ties of the Vietnam people, North or South.

Again, he warned about the spread of violence around the world if we decide to hasten our withdrawal from Vietnam. This is no different from the Johnson-Rusk "domino theory" which embedded us in the war, which has inhibited our efforts to extricate ourselves, and which most world leaders have rejected as an unfortunate misconception.

All our arms, all our planes, all our advisers will not stop the fighting. And, indeed, our massive intervention in and of itself, has prevented the South Vietnamese from exercising that very self-determination which we proclaim to be the justification for our involvement there. And, now, if President Nixon does not change his policy, the peace we are allegedly seeking we shall never attain.

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

Mr. RYAN. I yield to the gentleman.

Mr. MIKVA. Mr. Speaker, this is a discouraging time in the United States. Many Americans hoped that the President's speech would provide those new initiatives for peace, those breakthroughs, that leadership which would lift us out of the Vietnam depression which has chilled the American spirit for so many years. It seems ludicrous that a speaker at this tragic time should have to say that I do not doubt the President's genuine desire for peace. However, the war itself and many of its defenders have cast so many doubts about other people's sincerity, patriotism, and the right to disagree, that much of the debate is about the right to debate or the credentials of the debaters. And so one must recite a litany; I think the President genuinely wants peace; he thinks his path will get us there. There are those who disagree with the President; they also love peace; they also love their country. They think that the best way of showing that love is to voice their opposition and alternative proposals. Those who would rather shed heat than light about such proposals and those who shriek about unity as a synonym for government-ordained orthodoxy, forget that in a democracy we arrive at right decisions only by bespeaking our differences—even about important issues like war and peace.

Yesterday I sat on the floor of the House and heard a great number of the speakers get up and proclaim their agreement with the President's speech and denounced all of the newspaper and television commentators who disagreed with the President's approach. Listening to these denunciations it sounded like there was a mass conspiracy among all the media in this country to do in the President. I think the thrust of the commentaries was rather a disappointment about the speech in terms of what it did not do.

First, it did not reach any of the audience that so desperately needed reaching. The President recognized who many of them are—the young people of this Nation who are concerned about the war. He stated he respected their idealism and that he shared their concern for peace. But then he talked about national destiny and world leadership which can only be construed to mean that our military might continue to be the only weapon in the arsenal of democracy. This will not appeal to the idealism of the younger generation and the President obviously recognized that as he turned again to the silent Americans who do not speak out against war. I hope that the measure of patriotism has not become inverse to the measure of whether or how often one speaks out on the important issues of the day.

The President stated that he knew it was not fashionable to speak of patriotism these days; if that was addressed to the young people of this country he was very wrong. The very heart of their idealism is a love of country, but it is a love of country that is expressed in terms other than the number of divisions under arms, the weapons systems, or the kill rate in some far-off land. They express their patriotism in terms of an America that exports ideas and ideals not guns and bombs; of an America that devotes its resources to making our cities alabaster once again and our plains fruited enough to feed our own hungry and help feed the hungry of the world; of an America that respects the rights of all its citizens with equal vigor—black and white, long-haired and bearded, skilled and unskilled, washed and unwashed; an America that practices that Jeffersonian admonition that, "the care of human life and happiness is the first and only legitimate object of good government."

Many of us hoped that the President would appeal to that patriotism and find the words to help defuse the terrible resentment which exists among so many large elements of our population—especially among the young. But the President did not even nod in the direction of those who are dissatisfied with the pace of his troop withdrawals.

Despite the President's implications to the contrary, those who oppose his present policy of slow and only partial withdrawal—a withdrawal which will not include support troops at all, according to the President's speech—these people are not all shouters and demonstrators, they are not all people who want America to lose the war. Sometimes, Mr. Speaker, I find myself wondering whether the President has not been setting up straw men and knocking them down for so long that he has forgotten that there are real, live people around. No, all those who hoped so sincerely that the President would tell them what he was going to do to bring the boys home more quickly are not all people who want America to lose, or to look bad, or to be weak. Some of us sincerely believe that we cannot gain a thing in the world by staying in South Vietnam for another year, or 2 years, or 5 years.

My second observation on the President's remarks of Monday night is that his talk of Vietnamization has a very familiar ring. President Eisenhower said that we were not going to have Americans fighting other people's wars in faraway lands. And President Kennedy said that it is their war, they are the only ones who can win it, the Vietnamese. And President Johnson, before he was elected in 1964, promised us that we were not going to let American boys fight the Asian boys' war for them. And Robert McNamara in 1967 told us that the boys would be home by Christmas because they were only there to train the Vietnamese to fight their own war. We have a new word—Vietnamization; but we do not have a new policy. President Nixon had a 9-month grace period after he was elected, and he withdrew less than 5 percent of the Americans in South Vietnam. After 11 months he will have withdrawn a little over 10 percent. And Monday night he said that when the Vietnamese are ready to do their own fighting, we may still have up to 300,000 Americans in Vietnam—all the noncombat forces.

What does Vietnamization really mean? There are now close to 1 million South Vietnamese men under arms out of a total population of only 16 million. We have been training the South Vietnamese Armed Forces for over a decade. When will Vietnamization end? The President tells us that the process is going faster than he thought it would—but how fast is that? and how fast did he think it was going to be? How do we know that this new word, "Vietnamization," is not just another part of the Vietnam shell game which we have been playing for 10 years?

And finally, the President's talk showed once again that the policy has not changed. He asked for time and he asked for unity because he said he was trying a new policy. But then he told us why he really cannot force himself to withdraw from Vietnam more quickly. He cannot because it would "promote recklessness in the councils of those great powers who have not yet abandoned their goals of world conquest"; and he cannot because it "would spark violence wherever our commitments help maintain peace"; and he cannot because it "would not bring peace but more war." And so we continue to play dominoes while this country and the world burn.

The Nixonizing of this war is occurring at a much faster rate than the Vietnamizing of it. We continue to hallow our past mistakes by repeating them. A few new words do not cover the tarnish on policies that have not worked and predictions that have not come true for the last 15 years.

The secret plan for peace is still a secret. The President is more encouraged but he cannot tell us why. He has a plan for ending the war regardless of what happens in Paris but he cannot say what it is. And whatever it is, it may all be sabotaged by the Viet Cong or the North Vietnamese or even by the South Vietnamese generals—all of whom have good and sufficient reasons for engaging in such sabotage.

The crisis in this country is too serious to give either North or South Vietnam a veto power which will preclude us from ending the crisis. Our extrication from the quagmire of Vietnam should be based on factors solely within our control, and neither the hot air of Paris nor the cold water of General Thieu should be allowed to swerve us from the path of withdrawing all American forces from Vietnam as quickly as the safety of our own

personnel and our prisoners of war and the protection of those South Vietnamese desirous of asylum will permit. To give the power over the survival of this country to either a fast-talking diplomat from North Vietnam or a slow-training general from South Vietnam is untenable.

Mr. Speaker, millions of Americans silent and nonsilent are terribly tired of this war and frightened of what its continuation means to this country. We believe that the President wants peace but we also believe that unless he speeds up the withdrawals of all American forces from Vietnam and makes the rate of that withdrawal subject only to this country's interest, this country's interest will suffer grievously. We know the President wants peace but wanting it may not be sufficient to the task.

Mr. RYAN. Mr. Speaker, I should like to thank all of my colleagues for their participation in this discussion this evening.

It is clear that the American people—silent as well as vocal—are concerned deeply about the course of our progress in Vietnam.

It is also clear in my judgment that the President must respond to their desire for peace by outlining specific plans and not secret plans which should spell out now to the American people how this war will be brought to an end. It is a fatal error to leave the question of our timetable in the hands of the Government of South Vietnam. As long as we persist in the belief that the present Government is going to be able to govern in South Vietnam and that the National Liberation Front, the Vietcong, or any other elements which have been excluded by those now in power, Thieu and Ky, shall have no role, then what is necessary politically and diplomatically to bring the war to a conclusion will not be done.

In his speech, the President spoke of the effects that "precipitate withdrawal" would have on the world and on this Nation.

However, the President did not speak of the effect American policy in Vietnam has had and will continue to have on our allies.

He did not mention that although South Korea has sent troops, and Australia and New Zealand have sent minimal forces, none of our traditional allies nor the leaders of the free world have chosen to join us in this fight.

Our willingness to support the corrupt, undemocratic regime in Saigon has lost a great deal of respect for the United States in the world.

We have watched as the Saigon regime has jailed those who dissent. We have watched the Saigon regime limit political and religious freedom. We have watched the Saigon government's treatment of opponents—detaining and questioning of suspected "sympathizers," ignoring due process.

And what has been the reaction of our allies to the firebombing in order to bring peace in Vietnam?

What has been the reaction of the rest of the world to the thousands of Vietnamese people who have been killed, maimed, and left homeless?

The President worries about the effect that "precipitate withdrawal" will have in this country. He cites such a withdrawal as a defeat and humiliation for the United States.

But, this is not a war that has been declared by the Congress. This country has been sending men to fight and die in Vietnam in a military action which is not a declared war.

Are we going to continue to pour money and manpower into this war in order to save face? Are we going to continue the same policies in the hope that we can salvage something from the wreckage of the past?

Or are we going to admit that our policy in the past has been wrong?

Surely, our stature in the eyes of the world would greatly improve if we admitted the errors of the past and stopped perpetuating them.

President Nixon also expressed the concern that "precipitate withdrawal" would cause remorse and recrimination in the Nation.

What about the effects the war has had on this country during the past 5 years?

The quality of our education has deteriorated. There is not adequate housing for all our citizens. American men, women, and children live in constant hunger and malnutrition. There are not proper health services and health care for our elderly and poor. Our transportation systems are clogged. Taxes have been raised, and our economy is plagued by spiraling inflation.

In the streets of Watts, Hough, Detroit, Newark, Washington, Baltimore, and Chicago we can see the results of frustration.

On our Nation's campuses, we can see the results of disillusionment.

This has been the price of the war in Vietnam.

How much longer can this rich and powerful Nation continue to divert its money and its manpower to the war?

How much longer can we expend huge sums for the war while diverting money from education, housing, programs for the poor, cancer and heart research, and other essential domestic needs?

In his campaign for the Presidency, President Nixon promised to bring an end to this war. Now, 11 months later, he has told the Nation that only two alternatives were open to him after his inauguration: "precipitate" withdrawal, or a negotiated settlement or Vietnamization of the war.

There were other alternatives. Many Members of Congress urged the beginning of a phased withdrawal.

On March 26, I urged the withdrawal of a large number of troops, at least 100,000, and also urged that troops brought back to the United States not be replaced.

But the President chose not to listen to such pleas.

I think that if the President had initiated a cease-fire and the beginning of a phased withdrawal—starting in March, or June, or even on November 3—most Americans would have been willing to stand behind him.

But the President chose not to set any timetable for withdrawal.

Last year, the dissatisfaction of many Americans over the war was first shown in the New Hampshire primary victory of EUGENE MCCARTHY. Throughout the 1968 Democratic primaries, Senator MCCARTHY and Senator Robert Kennedy won decisive victories based on their policies on the war.

Many of those who supported Senators Kennedy and MCCARTHY last year and who opposed the war felt that the new President should be allowed a chance to make some change in American policy.

But they grew tired of waiting. All they saw from the new administration was the tired and unsuccessful policies of the old administration. The words were changed and the accent was a little different, but it was essentially the same policy.

And finally in October, millions demonstrated their desire for peace. The sacrifice of 40,000 lives, 250,000 casualties and the expenditure of over $100 billion has been enough.

The Gallup poll on October 11 measured American opinion on the war. Of those sampled, 57 percent supported the withdrawal of all U.S. troops from Vietnam by 1970, and 58 percent said it was a mistake to have involved American troops in Vietnam at all.

In his speech, the President stressed that these Americans have the right to their opinion, but—

> I would be untrue to my oath of office if I allowed the policy of this Nation to be dictated by the minority who hold that view and who attempt to impose it on the Nation by mounting demonstrations in the street.

Certainly, the President must realize that many Americans feel that the only way their opinion can be expressed is by peaceful demonstration.

The Constitution permits such demonstrations.

The first amendment of the Constitution protects the right of free speech, the right of the people to peaceably assemble, and the right of the people to petition the Government for a redress of grievances.

On October 15, Americans exercised these rights. But the President of the United States said, even before moratorium day, that he would not be affected.

And so millions of Americans feel frustrated.

Millions of conscientious citizens of all ages, all backgrounds, and all professions have been told that their attempt to let their President know how they stand on this issue would only harm the administration's efforts for peace.

How long then should these citizens wait who feel that this tragic, wasteful, undeclared war has drained this country of its resources, its manpower, and its very life.

In 1964, President Johnson said this country would not send American men to fight a war Asian men should fight.

In 1965, American men were sent to fight the war anyhow.

If the Americans do not protest, how many more years will this death and destruction continue?

In November, once again, Americans against the war will speak loud and clear.

They will again participate in activities to express their concern. Their purpose will again be to demonstrate the tide of opinion in this Nation is against continuation of our present policy in Vietnam.

I hope that this time the President will listen.

Mr. EDWARDS of California. Mr. Speaker, I welcomed President Nixon's speech of Monday night.

Its tone, if not its content, was a refreshing change from the recent extreme statements made on the subject of Vietnam. As to content, in at least one respect the President's speech came a year and a week too late. He finally revealed his plan for ending the Vietnam war, but at a time when the voters—so-called silent majority—have no chance to rule on that plan. It would have been fitting and proper if he had made public his plan when the voters were choosing between himself and Mr. Humphrey. I, for one, believe the silent majority would have selected a different President.

However, the President has opened the door to responsible debate on the subject of Vietnam. I would hope that the networks will grant time for a responsible reply to his remarks.

As a critic of the Vietnam war under both Democratic and Republican administrations, and as one who on a nonpartisan basis, has urged a change in the U.S. Vietnam policy, I would like to refute Mr. Nixon's conclusions, and the mistakes which have led to his conclusions.

He seemed to feel, and some observers have said, that this is now "Mr. Nixon's war." I disagree, this is not "Mr. Nixon's war," nor was it President Johnson's or President Kennedy's war. This war is an American folly.

The folly which led us into this war began as far back as President Truman's term of office. The mistakes carry us through the terms of office of Presidents Eisenhower, Kennedy, Johnson, and now President Nixon. All Mr. Nixon has done is to adopt those past mistakes.

The Vietnam war began in 1946, when the French tried to reimpose their colonial rule on that unhappy country. The war has never stopped. We just replaced the French. Our basic mistake, French and American, has been to believe that we can impose a government on the Vietnamese people. We have failed.

Mr. Nixon said the war began when:

> Fifteen years ago North Vietnam with the logistical support of Communist China and the Soviet Union launched a campaign to impose a Communist government on South Vietnam by instigating and supporting a revolution.

He ignored the refusal of the South Vietnamese Government, supported by the U.S. Government, to hold free elections, elections agreed to in the Geneva accords. But even more important, by raising the specter of Communist invasion, the President ignored one other basic fact of the Vietnam war.

Yes, the North Vietnamese and the Vietcong have been supported by the Chinese and the Soviet Union. But the President has ignored the intervention in Vietnam by France and the United States, interventions far more serious and far greater than those of the Chinese and the Soviets. The United States alone has spent more than $100 billion in its intervention, and has sent more than 500,000 men in to combat in Vietnam. We have dropped more than twice as many bombs on Vietnam than we used against Nazi Germany during World War II. Neither the Soviets, nor the Chinese, have intervened directly, nor have they spent such huge sums of money.

Who then is guilty of intervention? Both sides are, but let us recognize our intervention.

President Nixon said:

> North Vietnam cannot defeat or humiliate the United States. Only Americans can do that.

I disagree again. We have used more military force than was used against Imperial Japan, except for the atom bomb. We have not won a victory, and we know that as long as we remain in Vietnam the fighting will continue.

Mr. President, the Vietnamese people through more than 23 years of war have made clear their point. They cannot defeat the United States, but they will fight us to the death.

Our key mistake was to believe in a military solution, and to believe our military leaders when they said force could produce that solution. It is worthwhile to recognize the wisdom of President Eisenhower, and then Senator Lyndon Johnson, when the decision was made not to intervene on the side of the French at the time of Dienbienphu. I wish succeeding Democratic, and now a Republican President had been so wise.

The President spoke of atrocities, and there have been atrocities on both sides. Television news recorded one shortly after the President's speech, the stabbing to death of a wounded and unarmed North Vietnamese soldier by South Vietnamese soldiers. It has recorded the napalm bombing of Vietnamese children by American planes. War is an atrocity. Our purpose should be an end to the war, and an end to atrocities, both by the Communists and by the United States. Such an end can only be reached by recognizing and correcting our mistakes.

In 1964 and 1965 we introduced massive land forces into Vietnam. Why? Because the South Vietnamese Government would have fallen, the Vietcong would have won, if our troops, the bodies of our young men, had not been used to shore up that Government.

Was the South Vietnamese Government then a free and democratic government? Is it now? Are we acting to protect a free and democratic government from Communist invasion?

The answer to all of these questions is "No." We are fighting on the side of one tyrannical government against another tyrannical government. We are fighting on the side of the South Vietnamese Government, because it cannot stand against its own people.

By applying simplistic and militaristic answers, we compounded the Vietnam tragedy.

The President announced his plan to end the war, at least in vague terms. We who oppose the war should announce our plan to end it. I cannot speak for all who are in the antiwar movement. But I would like to suggest a plan which I believe is better suited to the realities of Vietnam than the President's proposal.

Nine of my colleagues and I put this plan into the specific wording of a House resolution today. The resolution reads:

> *Be it resolved,* That it is the sense of Congress that United States forces in South Vietnam should be systematically withdrawn on an orderly and fixed schedule—neither precipitate nor contingent on factors beyond our control—to extend only over such period of time as shall be necessary to (a) provide for the safety of U.S. forces, (b) secure the release of American prisoners of wars, (c) assist any Vietnamese desiring asylum, and (d) enable the U.S. to make an orderly disposition of its facilities in South Vietnam.

This is a practical plan for peace in Vietnam. It provides for rescue of American prisoners, now in North Vietnamese or Vietcong hands, and it provides for safety for Vietnamese, who fear any possible change in government. Finally, it leaves the determination of the fate of Vietnam in the hands of the Vietnamese.

Our basic mistake was to believe that the fate of South Vietnam can be determined by our intervention. Under this proposal, the fate of Vietnam would be determined by the Vietnamese. For those who might fear that fate, the United States, in line with its traditions, would open its arms and offer sanctuary.

We cannot be the policeman of the world, we cannot impose our standards and beliefs on the standards and beliefs of others. We can be the sanctuary, we can nourish and fan the flames of liberty, we can support those who believe as we do, and we should, but we should not try to club others into our ways.

This then is the great debate of 1969 and 1970.

As I welcomed President Nixon's speech, so do I welcome the expressions and demonstrations of those who believe otherwise. The President has said:

> I would be untrue to my oath of office, if I allowed the policy of this nation to be dictated by the minority who hold that view and who attempt to impose it on the nation by mounting demonstrations in the street.

I believe that a majority of Americans want peace in Vietnam. I do not believe the President's plan will produce that peace. And I believe that Americans, not only through demonstrations, but through the ballot box will make clear their wants and needs.

The 1970 congressional races will be key to where the American people stand. I urge all who think as I do to combine in a great nonpartisan effort to elect congressional candidates who will work for peace.

Let us speak. Let us speak in many ways, through peaceful demonstrations, through letters, through the ballot box. And may the President hear and heed the voices of the vocal majority.

Peace in Vietnam can only come through our actions. It is time we recognized our mistakes, and corrected them. Let us end this war.

Mr. ADDABBO. Mr. Speaker, I must express my disappointment in the Presi-

dent's address to the Nation, Monday evening, on the war in Vietnam.

Let me say that I fully understand and sympathize with the terrible burden of the President in dealing with this issue. While I have differences with his handling of the war and with the pace which he has set in withdrawing U.S. troops from Vietnam, my real quarrel is the manner in which he has further divided the Nation over this issue.

By referring to a silent majority of Americans who support the President's secret plan for ending the war and by lashing out at those who express the view that we should move at a faster pace, the President has merely made his critics more determined to prove who are the real majority.

This was an unfortunate approach to adopt for a President who promised to bring the Nation together. In one address on the most divisive issue in the Nation, he has driven a wedge between Americans. This game of proving who is in the majority is a futile and rather wasteful exercise because both sides of this issue, when joined together in a common desire to disengage from Vietnam as quickly as possible, represent the real majority. To place such emphasis on the timing of the withdrawal can only serve to divide Americans once again on the war issue.

In his address to the Nation, the President offered nothing new and refused to bring us together through statesmanship or leadership. As a result the protests and dissent will increase—the Nation will remain divided—and the policy will in all likelihood continue at the same snail-like pace.

It is unfortunate that the President chose this approach. It has resulted in a challenge to various factions to prove they represent a mythical silent majority or the real majority rather than merely a vocal minority. Finally it was a challenge to factions in Congress as well as the Nation to stay divided and to increase the intensity of discontent and debate. All together these result in only one fact—the President has delayed and postponed another chance for an escalation of the policy of disengagement.

I urge the President to forget about defending his policy but rather to escalate his policy of Vietnamization so that all can applaud his actions.

Mr. BURTON of California. Mr. Speaker, for nearly 3 weeks the people of this Nation were prepared by every conceivable public relations device to be a receptive audience to the President's November 3 Vietnam speech.

For some 32 minutes last Monday, President Nixon read a document which can only be noted for its lack of real purpose. No new initiative for peace was explored. No new light was shed on the Nixon plan to end the war. That plan is as nebulous and secret now as it was when it was first alluded to in the course of the campaign over 1 year ago.

President Nixon's only new theme was to take a slightly higher road—comparatively speaking—from the low road on which Vice President AGNEW embarked to discredit the growing opposition to the war and to discredit those who give voice to that opposition.

This tandem performance from the White House has but one end—to silence dissent.

This administration wants to impose silence and they want to use that silence as an indication of support. We see this repeated over and over again in the use of the theme of the silent majority.

Herein lies a contradiction that poses a very real moral problem for those who might be moved to heed the administration's plea. If silence is to be interpreted as assent, a blank check approval of policies which are, by and large, unknown to the American people, is not speaking out then the responsibility of those who doubt the wisdom of our course, who question any aspect of this war, or who simply oppose this extraordinary, undemocratic and illogical concept that silence should prevail in a free country?

Is it not our responsibility, we, who opposed the war, to speak out more eloquently and more frequently lest our silence now condemn us?

Mr. Speaker, I had the opportunity to speak to students on three campuses in California on the occasion of the October 15 moratorium. I spoke at the Berkeley campus of the University of California, one of the Nation's finest public institutions. I spoke at a combined convocation of St. Mary's College and Holy Name College students on the St. Mary's campus. And I also spoke to the students and faculty at the University of San Francisco.

What I saw and heard there were young men and women who were deeply concerned about their country, about its institutions, about its image as a great and human nation, and about their role as citizens in this free society. These were young men and women who seek to preserve the lofty but basic ideals which gave birth to this country.

These were men and women who see the world we live in as evolving and constantly challenging man to live up to these ideals and to expand his horizons so that the light of human freedom and dignity penetrates even the remotest shadows of our planet.

This is a concerned generation.

This is a generation which will not sit idly by and watch and remain silent when humanity and conscience cry out against silence.

This is a generation which has learned the lessons of history.

This is a generation which knows that silence allows a people to be systematically destroyed in the ovens of Dachau and Auschwitz.

This is a generation which knows that 100 years of silence kept black Americans in bondage longer after the Constitution gave legal standing to their unalienable human rights.

This is a generation which knows that even in a free society, demagogs can inhibit education and free expression, that innuendo and character assassination, so prevalent during the McCarthy era, can do irreparable damage to the good names and well being of our citizens and that fear and hysteria can grip people who will remain silent.

This generation takes seriously the words of Dante that—

> The hottest places in hell are reserved for those who, in times of great moral crises, maintain their neutrality.

They will not be neutral.

They will not be silent.

They speak out as a concerned and free people. They exercised their right—their obligation—to peacefully cry out against the crime of silence and the crimes which silence permits.

History cannot record the words of the silent nor can history catalog the deeds of those who watch from the wayside. Neither is mankind served by the complacent and smugly self-satisfied nor is the cause of human dignity and peace advanced by those who are not moved by the suffering of others.

These are the lessons which this concerned generation has learned.

This is the motivation of the young men and women to whom I spoke. I was proud to raise my voice with theirs and to continue to attempt to give expression to their ideals and aspirations, and to their real and abiding faith in this great Nation.

To speak out against the war in Vietnam is an action demanded by conscience, demanded by human decency, demanded by concern for the history and the future of this great Nation.

Mr. FARBSTEIN. Mr. Speaker, the President's speech last Monday on Vietnam was a disappointment to me. Rather than representing a new departure—a dramatic step forward—it was the same as before. The unfortunate policy of this administration is simply one not of imaginative action.

It is more than symptomatic that the President's speech was strongly embraced by the Thieu-Ky regime; for the position announced by the President in that speech suggests that we are allowing ourselves to be held hostage by that regime, which enjoys little support among its own countrymen.

I believe the prospects for peace would be significantly strengthened if the regime were replaced with one more representative of all segments of the South Vietnamese population. This would also strengthen the dedication of the South Vietnamese fighting man.

I believe the United States should initiate a program of systematic withdrawal on a fixed schedule which would be consistent with the safety of our forces and permit an orderly disposition of our facilities there. This should be coupled with the release of all of our American boys held prisoner by the North Vietnamese. While we are withdrawing, we should take responsibility for assisting Vietnamese desiring to find asylum from oppression.

The President addressed himself to the "silent majority of Americans." But what of those American families made silent by the deaths of their sons? What of the silent wife grieving for her husband?

This war must be brought to a swift end; for if it is not, then all Americans will one day be silent. Yet that silence will be one of grief.

Mr. BROWN of California. Mr. Speaker, I was deeply disappointed in President Nixon's message on Vietnam. Instead of giving the American people some hope for a speedy disengagement from that tragic war, he merely repeated

the cliches of the past 15 years as a justification for our continued intervention in that country's civil war.

I think that the President badly misreads the thinking of the American people who have indicated by an overwhelming majority that they feel our involvement in Vietnam is a mistake and that we should disengage as speedily as possible. I think that the President will deeply regret the speech he made last Monday night.

There is little difference in what the President proposes in his speech and what President Johnson tried to accomplish in a long series of futile attempts to "win" in Vietnam. He is ignoring the reason that he won the Presidency—his promises to end the war.

Not only is President Nixon ignoring the wishes of millions of Americans who desire peace in Southeast Asia, but he repudiates, at the same time, the rights of those persons who see nonviolent dissent as their only viable means of trying to bring about a change in our disastrous foreign policy in Vietnam.

Thus, although I view the President's speech with much dismay, I think that it will stimulate renewed efforts to demonstrate that the true objective of the "silent majority" is peace in Vietnam and not a continuation of the killing. Peace will not follow from a course aimed at our continued intervention seeking a military victory—no matter who does the actual fighting, Americans or the South Vietnamese.

Last month I strongly supported and joined with the millions of American citizens who showed their concern over the war during the October 15 moratorium. Next week, many persons will gather for another group of large scale expressions—the November moratorium and the New Mobilization Committee Action—both in Washington and throughout the Nation. I endorse any and all peaceful means of pointing up the desire of millions of Americans who want an honorable and peaceful settlement of this most important and most devastating issue currently before this Nation and the world.

GENERAL LEAVE

Mr. RYAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the subject matter of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

PRESIDENT NIXON'S NOVEMBER 3 SPEECH ON VIETNAM

The SPEAKER pro tempore (Mr. ALBERT). Under previous order of the House, the gentleman from Minnesota (Mr. FRASER) is recognized for 1 hour.

Mr. FRASER. Mr. Speaker, Monday night the President picked up a fallen standard, and proclaimed Nixon's war. On a closer look, the war he proposes to continue is dismayingly close to Johnson's war: A commitment to the pursuit in Vietnam of unattainable ends, open-ended in time, cost, and the use of American firepower against Vietnamese.

The cost in U.S. troops deployed and U.S. casualties may, in any one year, be less than the levels of recent years, at least so long as a "lull" persists. Yet why should Hanoi continue to refrain from its own program of "maximum pressure," in the face of the President's policy? On the contrary, every aspect of that policy—the implicit promise of indefinite continuation of U.S. air and logistic support to a narrow-based military regime, the unconditional political support for that regime, the apparently slow and indefinite program of withdrawal even of ground combat troops—all combine to give Hanoi maximum incentive to increase our own casualties to change one or more of those decisions.

Hanoi leadership will have the capability to inflict those casualties, perhaps at a high price to themselves; all past behavior reveals that they will pay that price. What we have to look forward to from this policy is a future like the past, of lulls and "Tets," a cycle of VC inactivity and activity, with no clear limit to the deaths we suffer or inflict. Indeed, there is no hint in the President's speech—with its emphasis on the vital interests that would be risked by extrication and its silence on the values lost by continuation of our involvement—that he recognizes any limit at all to the total price he would be willing to pay in American lives, treasure, and cohesion to avoid or postpone the possible unfavorable consequences of American disengagement.

Nixon's description of the course leading to the unconditional withdrawal of American forces from Vietnam as a "popular and easy course" is spurious. In fact, if the way out of Vietnam had ever been perceived as unequivocally popular, easy, and politically safe over the last 20 years of our involvement, it would surely have recommended itself in one or another crisis as the course to follow. The fact is that now as in the past, getting out is seen as the hard, uncertain, and politically dangerous course compared to the better known and more controllable risks of staying in—that is, of postponing a decision to disengage—"1 more year."

A decision to withdraw totally within, say, 1 year, brings within the horizon of political foresight such possible consequences as Communist takeover, political reprisals, and ensuing recrimination within the United States. Perhaps the only time that an American President could bring himself to accept these risks—when the alternative of continuing and at least postponing any such reckoning looked militarily viable—would be when he could claim to be cutting losses incurred entirely by a predecessor.

The President implies that the advice he received early in his term to close out "Johnson's war" was politically cynical; yet in practical terms, it might have pointed the most promising way out of this war, in the interest of all Americans and most Vietnamese.

The most disheartening and ominous aspect of his speech was the President's willingness to accept the appellation, "Nixon's war." All recent experience suggests that for a President to allow himself to become personally identified with the course of this conflict is to threaten its indefinite prolongation, at least during his administration.

Equally ominous is the notion that peace is to be won, and by us: That it must be America's peace. Although the President does not, in fact, specify America's aims in Vietnam in any detail, his policy appears designed, still, to win an American victory: Not a victory so ambitious as sometimes conceived in the past, but still, terms of peace that would clearly be recognized as defeat by the opposing side. Yet neither his speech nor any other evidence available suggests any basis for believing that the Hanoi leadership and their followers will ever stop fighting in acceptance of those terms.

What will happen, assuming they do fight on?

The President's military advisers have always told him that the most to be hoped for in any program of re-equipping and training the Vietnamese armed forces is that they will be able to hold their own against VC forces alone, perhaps with some level of North Vietnamese "fillers"; and even that cannot be achieved until 1972. They have held out no hope that these forces will be able to confront successfully any sizable number of North Vietnamese regular forces at any time in the future, without U.S. air and logistical support. Indeed, at no point in his speech does the President refer to a possibility that the United States would ever be able to withdraw such support entirely. The policy he offers supposes an indefinite commitment of 100,000 to 200,000 U.S. military personnel subject to risk and engaged in killing Vietnamese.

The only clear criticism of past policy within South Vietnam that emerges is the earlier neglect of the equipping and training of Vietnamese forces, a policy that was changed to the present one not under Nixon but in the last 6 months of the preceding administration, coincident with General Abrams' taking command.

"Vietnamization," of course, is a concept that goes back well before the last half year of the Johnson administration. The impending failure of a policy of relying entirely upon the Vietnamese forces—trained and equipped by Americans since 1954—led the JCS to recommend the commitment of American ground troops as early as 1961, although opposing guerrilla forces were miniscule by later standards. The next 3 years saw, instead, a more costly and urgent program of Vietnamization, supplemented by American advisers. Not only were the opposing forces weaker throughout this period than at present, but the military leadership of the Vietnamese armed force was generally better, and the political leadership—up to 1963—for all its fatal flaws, was more nationalistic, respected, and efficient, than any since. Yet, American troops were committed to Vietnam in 1965 when that program, too, was about to collapse.

There is a clear contradiction between the President's description of his "plan" for an "orderly, scheduled timetable" of complete withdrawal of U.S. ground combat forces and his numerous references to three factors on which future "decisions" governing the rate of withdrawal would be conditioned: Progress

in Paris, enemy activity in South Vietnam, and improvement in the South Vietnamese forces. If our rate of withdrawal is indeed to be determined by three such factors—over which we have little or no control, and which in the past we have proven unable even to predict realistically—what can be the meaning of references to a timetable?

Some sense might be made of this apparent contradiction if one inferred that the President had arrived at a private, "maximum length," conservative timetable, which might only be speeded up by events. But in that case, why keep it a secret? To announce it, and to assert its political feasibility, would be to increase not to "remove" incentives for the opponent to negotiate an agreement for earlier withdrawal. Why worry about their "moving in" after our forces have withdrawn if our withdrawal is to be predicated upon the ability of the South Vietnamese forces to withstand such a test? Or is it that the President estimates that the rate his advisers have assured him would be militarily safe is so slow and uncertain that to reveal it would lead to immediate political challenge at home and military challenge in Vietnam? In that case—which, unhappily, seems most likely—present secrecy only postpones those challenges.

His solution remains that of his predecessors: to postpone such a development simply by continuing the war, with its cost in Americans and Vietnamese.

The President describes "only two choices open to us if we want to end the war"; a "precipitate" withdrawal of all Americans or a slow, contingent reduction of forces with no definite end. Yet, in fact, virtually all of the proposals recently heard within Congress for bringing our involvement to a definite conclusion lie between the two courses he mentions, since not one of them can justly be said to call for precipitate withdrawal.

Nixon worries, as did his predecessors, about a domestic political "hangover": After immediate relief, "inevitable remorse and decisive recrimination would scar our spirit as a people." That is not the hard, courageous way, as he presents it, but the politically easy way, for the short run: Easier than admitting past mistakes. It is not "the right way."

His solution remains that of his predecessors: To postpone such a development simply by continuing the war, with its cost in Americans and Vietnamese lives.

In his speech, the President discusses the consequences of disengagement in emotional words—"defeat, betrayal, humiliation" that warn of years more war. He implies a sense of U.S. responsibility for political developments in South Vietnam that can be discharged only by indefinite combat engagement. His plan for "winning a just peace" is a plan for continuing U.S. involvement indefinitely, not at all a plan for ending it.

It is a policy that must goad the Hanoi leadership to challenge it by increasing the pressure of United States casualties, to which the President promises to respond by reescalation, against all past evidence—and consistent, reliable intelligence predictions—that this would neither deter nor end such pressure. In short, we have heard a plan not only for continuing the war but for returning it to levels—in firepower, commitment of prestige, destruction inflicted—recently abandoned. It is a plan and a speech we might have heard, without surprise from Johnson, Rusk, or Rostow; indeed, we have, many times.

Johnson's war lives on.

DEATH OF FORMER TENNESSEE GOVERNOR FRANK G. CLEMENT

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Tennessee (Mr. FULTON) is recognized for 1 hour.

Mr. FULTON of Tennessee. Mr. Speaker, last evening a valued friend of mine—and of the State of Tennessee—and our Nation was killed in a traffic accident only a few miles from his home.

Frank G. Clement, who became the youngest Governor in the history of the State of Tennessee at the age of 32, died at the age of 49.

His untimely death has saddened all who knew him.

A nationally recognized leader within the Democratic Party, Governor Clement was a man of compassion.

He was first elected Governor in 1953, the last Governor to serve a 2-year term. He was reelected and then became the first Governor to serve a 4-year term in Tennessee. In 1962 he was again honored by his State and was again elected to a 4-year term as Governor. In all, Governor Clement served for 10 years as Tennessee's chief executive, more years of service than any other man has given to this office.

His accomplishments, particularly in the fields of education and health, will stand as a tribute to his ability and his concern for his State.

Throughout his life, Governor Clement was a man of outstanding capabilities. At the age of 16, he graduated with honors from high school in his hometown of Dickson, and entered Cumberland University at Lebanon, Tenn. Two years later, he transferred to the Vanderbilt School of Law, and a year before his graduation applied for his State Bar Association examinations. He was the top candidate over 243 other applicants. He then had to wait until his graduation and his 21st birthday to begin the practice of law.

Governor Clement was a man who was most happy in public service. He had much to give, and he gave of his talent and energies without reservations.

He was a good Governor, a dedicated public servant, and a close personal friend. I shall miss him.

Tennessee and our Nation shall also miss him, for at the age of 49 he was still at the peak of his ability to serve, and he had the talent wisdom and the energy to commit himself totally to the people of Tennessee.

His tragic and untimely death has left a void in the political life of our State.

Tennessee mourns his passing, and all of us join in expressing our sympathy to his wife, Lucille; his sons, Bob, Frank, and Gary, and to his outstanding father and mother, and members of his family.

Frank Clement will be remembered. His contributions to Tennessee stand as his memorial.

Mr. EVINS of Tennessee. Mr. Speaker, permit me to join my colleague, the gentleman from Tennessee (Mr. FULTON) and others in paying a brief but sincere tribute to the memory of former Gov. Frank G. Clement who passed away following an automobile accident in Nashville last night.

Certainly I was shocked and saddened to learn of the untimely and tragic passing of Governor Clement. He was an eloquent orator and colorful personality—and his record of public service was outstanding.

He not only served as Governor of the State of Tennessee for three terms but also attained national prominence in Democratic Party affairs, having served as keynote speaker at the Democratic National Convention in 1956.

He was first elected Governor in 1952 at the age of 32 as the Nation's youngest Governor after a vigorous campaign and an appeal for new and youthful leadership for the State. He later served a second 2-year term and following approval of a 4-year term, became the first Governor to serve the longer term. Under State law he could not succeed himself.

Governor Clement was born in 1920 in Dickson, Tenn. and attended Vanderbilt School of Law. He later became an agent for the Federal Bureau of Investigation and subsequently served in the Army, rising to the rank of first lieutenant.

He began his ascent to political prominence at the age of 26 when he effectively represented the Tennessee Railroad and Public Utilities Commission—and also assumed the statewide leadership of the American Legion, serving as State commander; the Young Democratic Clubs, the Red Cross, and the March of Dimes.

He received many honors, including designation as one of the "10 Outstanding Young Men of the United States" by the U.S. Junior Chamber of Commerce. He also served as chairman of the Southern Governor's Conference, chairman of the Southern Regional Education Board, and chairman of the Cordell Hull Foundation for International Education.

Governor Clement served his State well in the field of education, mental health, and in many other areas in which he took a deep interest. He campaigned on a program of progress that included emphasis on improvement of Tennessee's educational system.

Following his service as governor he resumed his law practice in Nashville.

Frank Clement will be greatly missed in Tennessee and I want to extend this expression of my deepest and most sincere sympathy to Mrs. Clement and his fine sons, James Gary, Frank, Jr., and Robert, and other members of his family.

Mr. KUYKENDALL. Mr. Speaker, like any politician who does a good job, Frank Clement was loved by many, hated by many others. He was the last of the oldtime orators, copying the style of William Jennings Bryan and Theodore Roosevelt. He became the Nation's youngest Governor at 32, and the spotlight never left him from that time on.

The size and importance of the monuments a man leaves behind him have always been our way of judging his life.

Frank Clement was not afraid to do the unpopular thing when it had to be done: He called out the National Guard in 1957, not to circumvent the law of the land, but to enforce it, at a time when it would have been expedient to do nothing. He heard the voice of education crying for sustenance, and he answered it with a tax increase that scarred him politically, but has never been repealed. He created a new cabinet post, the State commissioner of mental health, and fought to lift our mental institutions out of their deplorable conditions.

Frank Clement's monuments are the children who attend Tennessee's public schools, and the mentally ill whose dark shadows have been brightened. Though he was only 49, he could have no greater one.

Mr. ANDERSON of Tennessee. Mr. Speaker, the State of Tennessee mourns the passing of a major political leader of this era, former Gov. Frank G. Clement. For my own part, the loss is compounded, for this excellent man was also a close personal friend.

Frank Clement was the leading individual force through more than a half of the last 20 years of Tennessee government. This was an accomplishment based upon the force of a singular personality, and a style and substance of leadership that evoked trust and enthusiasm. Frank Clement built his own truly legendary reputation for political expertise and executive professionalism.

Tennessee is an intensely political State on all levels—rural and urban, State, Federal, local, and most of all personal. Competition is usually fierce and observation is critical. Politics may be the favorite indoor, outdoor, spectator, participatory and betting sport in the State. It was in this milieu that Frank Clement first won the governorship in 1952, then at the age of 32. There has not been a State or Federal election since that time when the position and the person of Frank Clement was other than a vitally important factor. In the farm kitchens, the general stores, on the public squares and in the government offices where political tales are retold late into the night—there will be Frank Clement stories at least until the turn of the century. And had he lived, it is entirely possible that Frank Clement would have been an active and formidable participant in the political competition of November 2000 A.D. For Frank Clement was last week still a young, vigorous man and political enterprise was his life blood.

There is a strange unreality in speaking of Frank Clement in the past tense. It is hard to think of any man who more persuasively personified vibrant, combative, relevant, masculine life—in, of, and for the day that he was living.

There is scarcely a major public issue in the last two decades upon which Frank Clement did not leave his mark, at least in Tennessee. His greatest achievements were in the State's vocational education network, the new system of junior and community colleges, the mental health program, and the highway system. He lent a Governor's weight against the practice of capital punishment. He was a civil rights moderate at a time when leadership of that description was rare.

There is much more that could be said; two battle scarred decades of political accomplishment and personal growth are not easily covered in a few paragraphs. Suffice to say that Tennessee has lost one of its most remarkable 20th century leaders, and its greatest modern orator. We have all learned from him. We shall all miss his influential presence.

Mr. Speaker, my wife and my family join me, as do his many personal friends in this body, in the expression of deep and profound sympathy to Mrs. Clement, to their three fine sons, to his parents, and all the members of his family.

Mr. QUILLEN. Mr. Speaker, I was shocked and saddened to learn of the untimely passing of former Gov. Frank Clement.

He was a great Governor and ingratiated himself into the hearts of the people of Tennessee. He rose to the highest pinnacle of success in his party when he was the keynote speaker at the Democratic National Convention in 1956.

He served the State as Governor for three terms. He was first elected to that office in 1952 and, at the early age of 32, he held the position of being the youngest Governor in the United States.

I served for one term as minority leader in the State House of Representatives in Nashville when Frank Clement was Governor. He never let politics interfere with the progress of Tennessee. He devoted his efforts to better education, better government, and expansion of mental health facilities throughout the State.

My wife joins me in extending our deepest sympathy to his wife, his children, and members of his family.

Mr. BROCK. Mr. Speaker, Frank Clement's untimely loss will be deeply felt by all Tennesseans. He was one of the best-known political figures in our State, and with good reason.

Elected the youngest Governor in the United States in 1952, he served from 1953 to 1959, and again, from 1963 to 1967. Frank Clement, in a relatively short life, achieved a lengthy record of public service and achievement.

He was a sincere, dedicated man with many gifts, and one of Tennessee's most popular Governors. He is a man who will be missed.

Mr. JONES of Tennessee. Mr. Speaker, "How long? O Lord, how long?" asked young Gov. Frank Clement in his keynote address to the Democratic National Convention in 1956. These words brought national attention to focus on Frank Clement, the man who had become the youngest Governor our State of Tennessee ever had. But he was an orator of the old school, perhaps the last our State of Tennessee ever had.

Frank Clement was a brilliant young man. He is the only man I ever knew who worked his way through law school by practicing law. His mind was such as to enable him to pass the Tennessee bar examination after only 1 year of law school. He was a practicing attorney in Nashville as he completed the last 2 years at the Vanderbilt School of Law. Later, he was to serve his beloved Tennessee as Governor for periods totaling 10 years.

On his next birthday, Governor Clement would have been only 50 years old. But an automobile crash last night in Nashville extinguished this man's once brilliant light.

We shall miss Frank Clement, for Tennessee will never again be the same without him. With his death, a great chapter in the history of our State has ended.

Mr. BLANTON. Mr. Speaker, the people of Tennessee are saddened today by reports that our three-time former Governor, Frank G. Clement, was the victim of a tragic automobile accident last evening near his home in Nashville.

Many Members of this Chamber, and of the Senate, knew Frank Clement personally, for his influence spread far beyond the borders of Tennessee.

I served in the Tennessee Legislature in 1964–65, during his last term as Governor. I had always admired his outstanding leadership qualities, but it was during this term that he particularly demonstrated the most memorable trait—that of political courage regardless of the political consequences.

We all knew him to be ambitious. He himself had often spoke of serving in the U.S. Senate, and after his 1956 keynote address for the National Democratic Convention, many people, throughout the Nation, spoke of him as a potential vice-presidential candidate. But Frank Clement never allowed his ambitions to interfere with his convictions.

During his last term as Governor, he did the politically disasterous act of raising taxes. He did not feel that Tennessee could establish the progressive stature that he felt necessary without additional revenue. The action proved unpopular, as he expected, and it shattered his ambition to serve his State in the U.S. Senate.

People will remember Frank Clement for this act of courage. We will remember him for his forscenic talent, for the South has had few speakers who could captivate an audience as Frank Clement could. But I think most of us will also remember this remarkable man for the unprecedented record he established in the 10 years he served as chief executive of our State. The list of his accomplishments, ranging from the first comprehensive mental health plan, to massive roadbuilding and free textbooks for schoolchildren—these will be the monuments for generations of Tennesseans to remember him by.

Mr. Speaker, I join with my colleagues in expressing my deep sorrow of the passing of one of the greatest statesman-Governors our State has ever had.

GENERAL LEAVE TO EXTEND

Mr. FULTON of Tennessee. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject matter of my special order today at the conclusion of all other business.

The SPEAKER pro tempore. Is there

objection to the request of the gentleman from Tennessee?

There was no objection.

MISJUDGING THE SILENT MAJORITY—OR "TRUST ME, CHARLIE BROWN"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. PODELL) is recognized for 30 minutes.

Mr. PODELL. Mr. Speaker, the other night our entire Nation sat on the edge of its collective chair, awaiting something new and constructive on Vietnam from President Nixon. America waited in vain. After vast public relations heavings, we got a tired, strained rehash of old platitudes and lush metaphors. In sum, there was not a single new note of substance sounded. Not a single tangible advance toward American extrication was announced. Not a single new approach was mentioned. In effect, President Nixon went to America and in 33 minutes of prime television time in effect said, "trust me." The Nation expected far more than what it got.

After the pancake makeup has been scraped off and the klieg lights go dark, we remain with nothing further to hope for but more of the same. President Nixon blamed the Democrats for the war, told us he had sought peace, thumbed his nose at the peace movement in its entirety, and asked the Nation to trust him indefinitely. What does this mean in concrete terms? That Americans will die and treasure will be poured out in an unbroken stream, without further assurances that meaningful measures are being taken to wind down our involvement. No greater confession of executive bankruptcy has been offered in recent years.

Even as the President spoke, the level of hostilities in Vietnam involving Americans was increasing. Not a word was said about our growing military involvement in Laos, over which we are now flying 12,500 combat missions weekly. No pressure was discernible upon the Thieu-Ky regime to either become more effective or more broadly based. No hint was dropped that could allow us the luxury even for a moment of feeling that new departures were being undertaken to arrive at a rapprochement.

In place of a reiteration of a desire to compromise, we discover high-level intransigence. In effect, President Nixon wrote off the Paris talks up to now and for the immediate future. If Hanoi wishes to remain averse to further compromise, we can be committed to Vietnam at the present level of endeavor for the foreseeable future. I submit then, that the silent majority the President aimed at will find this possibility utterly unacceptable and intolerable.

We have taken all immediate pressure off the Thieu-Ky regime to reform, broaden its base and reflect more of the thinking of Vietnam's non-Communist elements. They now know that President Nixon will back them to the hilt, using the lives of American soldiers to do so. The generally incompetent army of South Vietnam can rest easy now, for the GI will continue to do the lion's share of the dangerous work and the dying.

The President could have begun a steady draining away of nonessential, noncombat units from the American forces there. There are several hundred thousand of these troops, who could be withdrawn without affecting our combat capability. By beginning their withdrawal, we could serve notice upon the South Vietnamese that we are inexorably preparing our final departure, while simultaneously cutting back on the intolerable cost of this conflict.

None of these possibilities were advanced. No hope was held out. A few appealing words were leveled at the young, who will by and large ignore them. Never has a President been so hopelessly out of communication with an entire generation of young people. No credit was given the peace movement, which was ignored and even assailed by many of the implications in the President's speech.

When we boil the entire package down, the residue is small and disheartening. Trust me, is the message. I would sooner believe the weatherman's promise of rain. Trust me and wait, is the message. Until when, Mr. President? Only a few months free of criticism, burbles the message from the White House. How many more months will be asked for after that? Until Armageddon? Until dead men rise and walk? Instead of substance we have form. Instead of progress toward peace we have assurance of more war. Instead of compromise we have intransigence and a plea of "trust me."

Mr. Speaker, we are all more or less familiar with the "Peanuts" comic strip. One of Lucy's cruelest jokes is to encourage Charlie Brown to kick the football, which she always pulls out of the way as he attempts to kick it. Her cry is always, "Trust me, Charlie Brown."

THE SST FIASCO: A NEW NOTE OF SKEPTICISM FROM THE AIRLINES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 60 minutes.

Mr. REUSS. Mr. Speaker, nine major U.S. airlines—American, Braniff, Continental, Delta, Eastern, Northwest, Pan American, TWA, and United—have contributed risk money to support the SST research and development program. The total—$51 million—is not much as these things go, but it at least showed that somebody, somewhere, liked the SST.

It is not surprising, therefore, that the Federal Aviation Administration turned to these supposedly friendly and committed airlines for comments when, in January of this year, the Nixon administration began a comprehensive review of the SST program. Surely if there were good words to be said about the SST, those airlines that had already shown their faith in the plane could be counted upon to say them.

Imagine the FAA's chagrin, therefore, when the responses started coming in, in late February. What the airlines told the Government, in effect, was: Go ahead and build the SST prototypes if you want, but do not expect any more help from us.

I should say, as an aside, that it was only after much requesting and prodding that the Department of Transportation finally made these letters available to me. I can see now why they wanted to keep them secret.

As a spokesman for airline A put it—DOT blocked out the airline names before making the letters available:

In light of the somewhat negative aspects bearing upon the SST program as of now and our existing capital commitments, I would be unwilling to recommend to —— Board of Directors the venturing of any additional risk capital beyond the $—— million we have already contributed, in addition to our $—— million deposit for delivery positions.

If our government's assessment of this program indicates that the United States must retain its dominant position in the aircraft manufacturing industry for national reasons, then it is my opinion that the development cost risks must be assumed by the government.

Airline F said much the same thing:

We would be less than fair if we left any implication that this airline could at this time afford to make any further contributions to the advanced funding of the research and development represented by the prototype program.

One searches in vain for an indication that any one of the nine airlines is willing to drop more money on the SST.

Why this sudden skepticism? The airlines themselves give the answer:

AIRLINE A

First, the operating economics of the presently proposed SST indicate that a substantial fare premium undoubtedly will be required to match the economic performance of the present generation of subsonic jets.

Second, there appears to be serious doubt that the proposed SST can meet existing or proposed airport noise criteria.

Third, the SST undoubtedly will be limited to overwater operation because of the sonic boom problem.

Fourth, the final cost per airplane will undoubtedly fall in the $40–$50 million area representing an enormous risk per single vehicle.

Fifth, important and costly improvements are immediately required to bring both our airways and airports up to a capacity compatible with the current and future traffic demand.

AIRLINE G

Sonic Boom: The indicated over-pressures are of sufficient magnitude to restrict by definition the aircraft's operation to overwater and hence, essentially, intercontinental use. This of course results in an airplane which has little if any use in domestic transcontinental operations.

Community Noise: The current prototype design as well as the planned improvements to be obtained from the advanced technology do not seem to indicate a practical means of reducing external noise to a degree which would achieve compliance with the proposed noise regulations other than by methods which certainly impose unrealistic penalties both in performance and economic values to the airplane.

Size: The 5-abreast 234 passenger prototype airplane design currently proposed by Boeing and validated by the FAA is not an airplane that embraces sufficient weight or space payload to be economically viable at

other than substantailly increased fare levels over those which we know today. The unknown changes in our economy between now and the planned availability of a production SST in 1978 or 1979 make the economic factors in this regard even more difficult to assess.

Competitive Aspects: The combined effects of the economic factors coupled with what we believe may be the non-competitive aspects of the small diameter fuselage, as compared to the (by then) publicly accepted wide bodied aircraft such as the 747, L–1011, and the DC–10, pose a real question as to public acceptance of the design despite its obvious speed advantage.

AIRLINE H

We continue to be concerned about many of the technical aspects of the program, including weight and balance, flutter and dynamics, engine inlet design, and airport and community noise.

Experience has indicated that solutions to problems of this type invariably add complexity and weight to an aircraft. Since the design payload-range characteristics already appear marginal, we question whether an economically viable airplane can be produced until these solutions are accurately defined.

AIRLINE I

Present indications are that the SST program will not produce a vehicle as economically viable for airline use as formerly was believed to be the case.

Although all the airlines recommended a go-ahead for the prototype testing program—after all, it isn't going to cost them anything—some of them were critical of the prototype program, and none were willing to recommend a start on production before the completion of prototype testing.

AIRLINE H

We feel that the prototype flight test program as proposed may be inadequate to develop solutions to the major technical problems . . .

We believe that the prototype aircraft program should be conducted in a manner such that there will be no expenditure of funds related to a production program until the prototype aircraft program has met the technical development objectives.

AIRLINE I

The Boeing prototype design is not well suited and should not be planned for production application because of its prospective relatively poor economic characteristics. Final design of the production type aircraft should wait on the results of prototype aircraft development and testing programs.

Another theme running through the airlines' comments is a fear that concentration on the SST will distract the government from what the airlines feel is the No. 1 priority—airport improvement and expansion, reducing congestion in the airways, and improved air traffic control.

AIRLINE A

If our country must make a choice between appropriations for improvements of our airways-airport systems or furthering the development of the SST, then there is no question that airways-airports must be the choice.

The provision of completely adequate airways and airports in this country must take precedence over any other consideration if the vigor of our economy is to be maintained. If there are funds available after the above need is satisfied, then these funds should go toward the orderly development of an SST at whatever rate of progress is possible.

AIRLINE D

We could not in good conscience recommend the allocation of any funds to the SST Program that would delay or interfere in any way with the solution of our airport and airways congestion problems and the modernization of Airways Traffic Control equipment and procedures.

Mr. Speaker, this skepticism on the part of America's airlines should be a warning signal. If the airlines themselves are unwilling to sink any more money into the SST, how can we possibly justify spending more than a billion dollars of the taxpayer's money on this plane? Our free enterprise system has retired to the sidelines, ready to cheer the Federal Government on to ever-greater spending, but unwilling to drop any more of its own money.

It is left to the Government and the average taxpayer to subsidize this supersonic boondoggle. Wealthy business executives and jet setters are to be sent to Paris 3 hours faster—at the taxpayer's expense.

Mr. Speaker, this is the brave new world—socialism for the rich, rugged individualism for everyone else.

I include the full text of the airlines' letters in the RECORD at this point:

AIRLINES' REPORT ON SST

AIRLINE A

FEBRUARY 18, 1969.

Mr. DAVID D. THOMAS,
Acting Administrator,
Federal Aviation Administration,
Washington, D.C.

DEAR DAVE: I have just completed a review of the redesign features as well as the operating economics of the Boeing SST with ———. This review has resulted in some alteration of ——— position relative to the SST development program. You are aware that throughout the initial years of development ——— has taken a positive approach to this new technology and has participated fully with the airlines committee. However, the recent SST review along with an assessment of the environment in which we are currently operating has led us to take a different posture than has been the case to date. The factors influencing this change are:

First, the operating economics of the presently proposed SST indicate that a substantial fare premium undoubtedly will be required to match the economic performance of the present generation of subsonic jets.

Second, there appears to be serious doubt that the proposed SST can meet existing or proposed airport noise criteria.

Third, the SST undoubtedly will be limited to overwater operation because of the sonic boom problem.

Fourth, the final cost per airplane will undoubtedly fall in the $40–$50 million area representing an enormous risk per single vehicle.

Fifth, important and costly improvements are immediately required to bring both our airways and airports up to a capacity compatible with the current and future traffic demand.

There are other factors which weigh against unqualified commitment to the SST development schedule, but the above are the most important ones in my view. In light of the somewhat negative aspects bearing upon the SST program as of now and our existing capital commitments, I would be unwilling to recommend to Board of Directors the venturing of any additional risk capital beyond the $— million we have already contributed, in addition to our $— million deposit for delivery positions.

If our government's assessment of this program indicates that the United States must retain its dominant position in the aircraft manufacturing industry for national reasons, then it is my opinion that the development cost risks must be assumed by the government. Finally, if our country must make a choice between appropriations for improvements of our airways-airport systems or furthering the development of the SST, then there is no question that airways-airports must be the choice.

In summation, the provision of completely adequate airways and airports in this country must take precedence over any other consideration if the vigor of our economy is to be maintained. If there are funds available after the above need is satisfied, then these funds should go toward the orderly development of an SST at whatever rate of progress is possible.

I hope that the above may be helpful to Secretary Volpe in arriving at a sound decision on the future of the program.

Best personal regards.

Sincerely,

———.

AIRLINE B

MARCH 1, 1969.

Mr. D. D. THOMAS,
Acting Administrator, Federal Aviation Administration, Department of Transportation, Washington, D.C.

DEAR MR. THOMAS: In reply to your letter dated January 24th, as amended by you to extend the reply date to March 1, 1969, we herein submit our comments on the proposed design and other aspects of the Supersonic Transport Program as it now faces a major governmental decision.

The SST Office of the Federal Aviation Administration, and in particular General Maxwell himself has been most helpful to us in providing information obtained during their analysis and in briefing us on their conclusions with respect to the current proposed design of and potential for the Supersonic Transport.

The current proposed design of the U.S. Supersonic Transport is in our opinion the best which can be obtained on the drawing board. We believe that the years of study to this point have led to a design which cannot be improved in this phase but must go forward to the prototype construction before obtaining additional answers of any real significance. We believe the design is straightforward and honest and certainly represents the best of the current state of the art.

We share with your evaluation team real concern in certain areas. The airport and community noise problem is perhaps the foremost of these. However, we believe that there is time during the construction and testing of a prototype and that that would be the right time to find any available answers to this problem and to design and test suppressive devices of all types. In this regard, we believe that there must be room also for an increase in engine size and thrust to overcome what may well be found as a requirement during testing, i.e., increased thrust to meet under all conditions actual range, payload and weight conditions and, most important, to overcome whatever thrust may be lost due to the introduction of noise-suppressing devices. We believe the concern with regard to the engine inlet can be resolved through construction and testing and through the results of the prototype phase of the program. We also believe that the wing flutter problem is one which is undertsood and can be resolved with, of course, the increase in weight which usually accompanies such a program, thus the requirement to remain somewhat flexible in terms of total gross weight and engine thrust to accompany it. There are other problems, well-known to your evaluation team and including such items as the suitability of the

current state of the art in tire manufacture and other hydraulic, electrical and flight control systems on the aircraft. Again, however, we believe that we have gone as far as we can on the drawing board and must, if we are to proceed at all, go forward into the prototype design, construction and flight, using the best United States engineering talent to solve problems as they occur during these phases.

While we are not aerodynamicists, we do believe that it is inherent in a Supersonic Transport Program to consider that certain aspects of aerodynamics cannot be solved except through actually flight of a vehicle as close as possible in size and shape to that which may be the only economic model. Thus it is our suggestion that the prototype be designed and constructed, probably in the "six-abreast" fuselage size, as closely matched as possible to what which we and the FAA have used to develop our economic viability studies. We must then in designing and flying the prototype determine the appropriate engine size and other characteristics which go with an aircraft size whose potential at reasonable load factors is to attract passengers and, again as a potential, achieve without too great a fare surcharge a reasonable rate of return for us.

If we go forward in a prototype phase program with the determination to solve problems as we now see them and to demonstrate the flight characteristics, in a model which can meet airport and community noise criteria and which is designed to carry enough payload for the required range goals, then in our opinion the timing is such that the United States could remain and hold its superiority in the world market for transport aircraft. Looking forward to such a model in the not-too-distant future and knowing that a full-scale prototype testing program is being accomplished prior to a commitment to production, we, at least as one airline, would try to hold out for the U.S. product. Furthermore, if this model is designed to sufficient capacity and range and designed to be economic in its operation, then it should have most of its own market since it will be sufficiently different from anything now proposed by the British, French and Russian interests.

While we see many problems to be solved and at least a medium degree of risk, it is our opinion that if the United States is to have a Supersonic Transport at all we should go forward into Phase III or the prototype phase of the program. A delay would be the wrong decision in our opinion. The program should either go forward or be terminated. We recommend that it go forward. In any other event, we will not know whether our goals can be achieved.

Sincerely,

——— ———.

AIRLINE C

FEBRUARY 27, 1969.

Mr. D. D. THOMAS,
Acting Administrator, Department of Transportation, Federal Aviation Administration, Washington, D.C.

DEAR MR. THOMAS: Thank you for the opportunity to comment on the future of the SST program.

There are four elements critical to a successful program:

1. A solution of the sonic boom problem.
2. An acceptable level of airport noise.
3. The ability to operate over reasonable distances non-stop.
4. Seat mile costs reasonably related to costs of subsonic aircraft.

Our first recommendation is that criteria be developed for each of these four elements and made a part of the SST program.

Our second recommendation is that a prototype SST be funded, developed and tested, if reasonable assurance can be given that (a) the prototype will meet the established criteria or (b) will provide research information which will enable the criteria to be met.

Members of our staff are ready to discuss with you the specific criteria that might be appropriate and to assist in any other way you may find helpful.

Sincerely,

——— ———.

AIRLINE D

FEBRUARY 17, 1969.

Mr. D. D. THOMAS,
Acting Administrator, Department of Transportation, Federal Aviation Administration, Washington, D.C.

DEAR MR. THOMAS: As a result of our analysis of the data submitted to us by the Boeing Company, and the reports on the technical review of the SST B2707-300 and its prototype by the FAA SST Evaluation Team, we believe that sufficient progress has been made to warrant government approval of the construction and testing of the Boeing SST prototype aircraft.

It is obvious that there are still some serious problems in the areas of community noise and economics. It also appears certain that the operation of the SST will be restricted to subsonic speeds over inhabited areas because of the sonic boom. This will limit utilization and place an arbitrary ceiling on the total market for supersonic aircraft, increasing the unit cost.

In spite of the negative aspects of the SST Program, we believe it is unrealistic to assume that supersonic transports will not be built and flown over the world's airways. We further believe we have the technology and manufacturing capability in this country to produce a superior SST.

Because of the costs involved it must be a government decision as to the priority assigned to the program. We could not in good conscience recommend the allocation of any funds to the SST Program that would delay or interfere in any way with the solution to our airport and airways congestion problems and the modernization of Airway Traffic Control equipment and procedures.

Sincerely,

——— ———.

AIRLINE E

FEBRUARY 26, 1969.

Mr. D. D. THOMAS,
Acting Administrator, Federal Aviation Administration, Washington, D.C.

DEAR MR. THOMAS: We have reviewed the technical data describing the proposed redesign of the Boeing Supersonic Transport 2707-300. As you requested in your letter of January 14, 1969, I offer my recommendations.

The development of an economically viable SST is a logical step in the growth of the transportation industry to better serve the needs of the people of the world. I believe the program should continue.

Because the SST is such a big step in the state of the art, we should build a prototype to work out the solutions to the many technical problems facing the designers. The prototype flight testing should precede commencement of the production phase. This would aid us greatly in determining the optimum size and give a much greater possibility of success.

The construction of the first aircraft should begin at the earliest reasonable opportunity consistent with normal times required to complete the preliminaries.

The government should underwrite this project as research and development in the field of large supersonic aircraft which would undoubtedly have great benefit to other programs.

Sincerely,

——— ———.

AIRLINE F

MARCH 1, 1969.

Mr. D. D. THOMAS,
Acting Administrator, Federal Aviation Administration, Washington, D.C.

DEAR MR. THOMAS: These comments on the U.S. SST program respond to your letter of January 24, 1969.

We appreciate the briefing given our representatives by the FAA team in Washington on February 6. The views of your team have been major factors in the formulation of our own position on our SST program. All must agree with your team that there are risks in undertaking the SST program, as there are risks in any big program involving advances in the state of the art, in the engineering and in the designing of complex technical equipment. We do not believe that these risks would be substantially reduced by further abstract study or academic research.

We have no doubt that viable, civil-commercial supersonic air transportation is inevitable. Our only doubt concerns whether European industry, Russian industry or American industry will lead and when such dominating leadership will be established. The recent flights of the Tupoley 144 and the Concorde underscore this point.

Consequently, in the interest of maintaining leadership of U.S. air transportation and aircraft construction by providing the public with ever-improving, time-saving mobility, and its attendant help to our balance of international trade, we believe that we should get on with the prototype program in order to be reasonably certain of the quality of eventual production models of supersonic aircraft.

As we recognize that this procedure will require enormous additional funding, we would be less than fair if we left any implication that this airline could at this time afford to make any further contributions to the advanced funding of the research and development represented by the prototype program. Our unprecedented contribution of $1 million per aircraft, which we have already been obliged to contribute to this research and development, has for the present exhausted our stockholders capacity to finance research and development of supersonic transportation. We suggest that the position of our foreign competitors in this regard may be different. That competition consists primarily of Government-owned airlines and it is not particularly material whether their Governments finance or subsidize either aircraft development, airline operation or both.

It seems evident that a considerable amount of prototype flying must be completed and evaluated before the state of quantity production. Our analysis of the suggested production aircraft has convinced us of the necessity of proceeding through Phase III to the completion of the prototype flying. Only as a result of such a program can we achieve the substantial overall improvements which are required.

As mentioned in my wire of February 25, there is concern that if the U.S. program is further delayed, there is some possibility that the ultimate market will be reduced through greater availability of Concordes and TU-144's or, more importantly, by giving time for an improved version of either to become available.

Because of the value of time to the travellers of the world and for reasons of national interest, favorable balance of international trade, and maintaining the leadership of U.S. air transportation and aircraft construction, we believe that the SST Prototype program should be continued.

Sincerely yours,

——— ———.

AIRLINE G

FEBRUARY 20, 1969.

Mr. D. D. THOMAS,
Acting Administrator, Department of Transportation, Federal Aviation Administration, Washington, D.C.

DEAR MR. THOMAS: In response to your recent invitation to provide you with airline comments regarding the currently proposed Boeing SST 2707-300 airplane, our evaluation of the design data supplied to us by Boeing and validated by the FAA Supersonic Transport Development Group is as follows:

The prototype design data defines an airplane which we believe is technically adequate for prototype test purposes, and the design should be capable of providing sufficiently accurate test data to permit the manufacturer to proceed with the development of a production airplane providing satisfactory solutions can be found for the following major problems.

Sonic boom

The indicated over-pressures are of sufficient magnitude to restrict by definition the aircraft's operation to overwater and hence, essentially, intercontinental use. This of course results in an airplane which has little if any use in domestic transcontinental operations.

Community noise

The current prototype design as well as the planned improvements to be obtained from the advanced technology do not seem to indicate a practical means of reducing external noise to a degree which would achieve compliance with the proposed noise regulations other than by methods which certainly impose unrealistic penalties both in performance and economic values to the airplane.

Size

The 5-abreast 234 passenger prototype airplane design currently proposed by Boeing and validated by the FAA is not an airplane that embraces sufficient weight or space payload to be economically viable at other than substantially increased fare levels over those which we know today. The unknown changes in our economy between now and the planned availability of a production SST in 1978 or 1979 make the economic factors in this regard even more difficult to assess.

Competitive aspects

The combined effects of the economic factors coupled with what we believe may be the non-competitive aspects of the small diameter fuselage, as compared to the (by then) publicly accepted wide bodied aircraft such as the 747, L–1011, and the DC–10, pose a real question as to public acceptance of the design despite its obvious speed advantage.

We are mindful that each new airplane development program to date has included a fair amount of risk, and we are also aware of the importance of our airline industry maintaining its posture of progress internationally and domestically. Recognizing that the above problem areas cannot be adequately defined or solutions arrived at without a prototype program, we feel that serious consideration should be given to proceeding with the prototype development of the presently proposed SST. From standpoint and for the aircraft to be useful over our present route system, solutions to the outstanding problems must be found which would lead to a production airplane of sufficient size, with reasonable flexible and competitive economic capabilities, and possessing performance and noise characteristics that will insure its use on a generally non-restrictive basis in the time period for which it is to serve.

Sincerely,

———— ————.

AIRLINE H

FEBRUARY 25, 1969.

Mr. D. D. THOMAS,
Acting Administrator, Federal Aviation Administration, Department of Transportation, Washington, D.C.

DEAR MR. THOMAS: We have reviewed the most recent B–2707 design submitted by The Boeing Company for a prototype supersonic transport, as well as the evaluation conducted by your Office of SST Development.

As you know ———— has invested almost $———— million and a vast amount of technical and economic effort in this program. Consequently, we have a vital interest in its success.

However, we continue to be concerned about many of the technical aspects of the program, including weight and balance, flutter and dynamics, engine inlet design, and airport and community noise.

Experience has indicated that solutions to problems of this type invariably add complexity and weight to an aircraft. Since the design payload-range characteristics already appear marginal, we question whether an economically viable airplane can be produced until these solutions are accurately defined.

We believe that some of the current problem areas lend themselves to further analysis, whereas others will require extensive hardware development and a flight testing program. We feel that the prototype flight test program as proposed may be inadequate to develop solutions to the major technical problems.

It is our recommendation, therefore, that:

1. Boeing be directed to complete those analyses which can be meaningfully undertaken prior to a final definition of a prototype aircraft.

2. Upon completion of these analyses, a two-prototype aircraft program be undertaken without a commitment of resources to a production aircraft program.

We believe that the prototype aircraft program should be conducted in a manner such that there will be no expenditure of funds related to a production program until the prototype aircraft program has met the technical development objective. It is our belief that the technical progress accomplished during an adequate prototype program will result in the definition of a production airplane that varies so significantly from the prototypes that any investments in such areas as production tooling, passenger interior accommodations and food service installations would be wasted.

Rather than delaying the ultimate certification date of the production airplanes, we believe that the program defined above will not only result in a better product, but is likely to gain rather than lose time and, most certainly, conserve development funds.

We appreciate the opportunity to comment on this important program and look forward to its development at an aggressive and realistic pace.

Sincerely,

———— ————.

AIRLINE I

FEBRUARY 28, 1969.

Mr. DAVID D. THOMAS,
Federal Aviation Administration,
Washington, D.C.

Subject: Supersonic transport program.

DEAR MR. THOMAS: I am pleased to present ———— views on the proposed Boeing SST design and certain other SST program aspects in response to your letter request of January 24, 1969.

Present indications are that the SST program will not produce a vehicle as economically viable for airline use as formerly was believed to be the case. Nevertheless, in view of the efforts of other nations in the SST field, ———— remains convinced that national interest considerations, relating to the balance of payments and the competitive position of our aeronautics manufacturing industry, would be served by development and production of U.S. SST's at an early date. Accordingly, we urge continuation of the U.S. SST program in an uninterrupted and aggressive manner.

It is ———— considered opinion that the U.S. supersonic transport program has reached a stage from which further progress can best be achieved by the construction of experimental prototype aircraft. We recommend that development, construction, and testing of the Boeing experimental prototype aircraft be authorized and that this program be expedited. It is by this means that needed state of the art advances in such significant areas as structure, propulsion, aerodynamics, and systems design and development can be achieved most reliably and quickly. Further, prototype aircraft development and testing will hasten the day when definition and production of certificated aircraft can be reliably undertaken on an acceptable risk basis.

———— recommends that the design of the prototype vehicles be defined by Boeing to achieve maximum state of the art advances in the stated areas and additionally to minimize the time required to achieve economically viable and operationally practical production aircraft. Specifically, in response to General Maxwell's question, whatever prototype fuselage size will best fit these two broad objectives should be selected. Development of the prototype should attempt to achieve payload range improvements, better noise attenuation features, and reduction in approach, landing, and takeoff speeds.

The Boeing protoype design is believed to be well suited for experimental and developmental purposes. However, it is not well suited and should not be planned for production application because of its prospective relatively poor economic characteristics. Final design of the production type aircraft should wait on the results of prototype aircraft development and testing programs.

Thus, summarily, recommends the uninterrupted continuation of the U. S. supersonic transport development program to achieve early construction of experimental prototype aircraft so as to advance the state of the art and provide the basis for the early development of fully viable production supersonic transport aircraft.

Recommendations reflect not only the results of careful and detailed technical analyses of the proposed Boeing designs, but also a high degree of technical judgment as to what may be attainable through prototype development efforts, all combined with business judgment as to general aircraft characteristics that must be produced if the program is ultimately to succeed in the international marketing arena. It is important that the production U. S. SST have superior economic viability compared not only to the Concorde as we know it today and the Russian TU 144 as we surmise it, but to prospective second generation design of these aircraft as well, for they surely will exist by the time the production U. S. SST is available in fleet quantities. The most expeditious and soundest way to undertake to meet this challenge is to proceed at once on an expedited basis with the development of experimental prototype aircraft.

I am appreciative of this opportunity to comment. We commend the FAA for its management of the supersonic transport development program. No program which involves state of the art developments such as this one is without troublesome times and great problems. The FAA's reorientation of the program last year is most commendable. A sounder basis for moving forward has resulted.

Summary report of its technical findings is available on request.

Sincerely,

———— ————.

THE AMERICAN ASSEMBLY REPORTS ON "THE STATES AND THE URBAN CRISIS"

(Mr. REUSS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. REUSS. Mr. Speaker, the 36th American Assembly was held at Arden House, Harriman, N.Y., on October 30 to November 2, 1969.

The participants in the conference on "The States and the Urban Crisis," 85

in all, came from all sections of the Nation, and represented different pursuits and viewpoints. The participants are listed, as follows:

Thomas Ashley, Representative from Ohio, Congress of the United States.

Roy W. Bahl, International Monetary Fund, Washington, D.C.

Francis M. Barnes, Senior Vice President, Crown Zellerbach Corp., San Francisco.

Joseph W. Barr, Jr., Secretary of Community Affairs, State of Pennsylvania.

Raymond Bateman, Majority Leader, New Jersey Senate.

John E. Bebout, Professor of Urban Studies, University of Texas (Arlington).

Mrs. Bruce B. Benson, President, League of Women Voters of the U.S., Washington, D.C.

Thad L. Beyle, Professor of Political Science, University of North Carolina.

Albert Blumenthal, Deputy Minority Leader, Assembly of the State of New York.

Arthur Bolton, Arthur Bolton Associates, Sacramento.

Courtney C. Brown, Editor, Journal of World Business, New York.

Willie L. Brown, Jr., Assistant Minority Leader, Assembly, California Legislature.

Alan K. Campbell, Dean, Maxwell School of Public Affairs, Syracuse University.

Jack M. Campbell, President, Federation of Rocky Mountain States, Denver.

Mrs. John A. Campbell, Director, Education Fund, League of Women Voters of the U.S., Washington, D.C.

Lisle C. Carter, Jr., Vice President, Cornell University.

William N. Cassella, Jr., Executive Director, National Municipal League, New York.

Hale Champion, Vice President, University of Minnesota.

William G. Colman, Executive Director, Advisory Commission on Intergovernmental Relations, Washington, D.C.

Brevard Crihfield, Executive Director, The Council of State Governments, Secretary, National Governors Conference, Lexington, Kentucky.

Talbot D'Alemberte, Member from Miami House of Representatives, State of Florida.

John M. DeGrove, Dean, Florida Atlantic University.

James B. Dwyer, Harriman Scholar, Columbia University.

Christopher Edley, The Ford Foundation, New York.

Eli Evans, Carnegie Corporation of New York.

William R. Ewald, Jr., Development Consultant, Washington, D.C.

John Fischer, Editor, *Harper's Magazine*, New York.

Picot B. Floyd, City Manager, Savannah.

Robert D. Fulton, Fulton, Frerichs & Nutting, Waterloo, Iowa.

John W. Gallivan, Publisher, *The Salt Lake Tribune*, Utah.

Benjamin A. Gilman, Member from Middletown, Assembly of the State of New York.

Frank P. Grad, Director, Legislative Drafting Research Fund, Columbia University.

Thomas J. Graves, U.S. Bureau of the Budget, Washington, D.C.

John J. Gunther, Executive Director, U.S. Conference of Mayors, Washington, D.C.

Donald Haider, Harriman Scholar, Columbia University.

Allan Harvey, President, DASOL Corporation, New York.

Theodore L. Hazlett, President, The A. W. Mellon Educational and Charitable Trust, Pittsburgh.

Donald G. Herzberg, Executive Director, The Eagleton Institute of Politics, Rutgers University.

Jonathan B. Howes, Director, Urban Policy Center, Urban America, Inc., Washington, D.C.

Warren C. Hyer, Jr., Harriman Scholar, Columbia University.

Jay Janis, The Janis Corporation, Miami.

Verne Johnson, Vice President, General Mills, Inc., Minneapolis.

Leroy Jones, Commissioner of Community Affairs, State of Connecticut, Hartford.

Ross Jones, Vice President, The Johns Hopkins University.

Amos A. Jordan, Colonel, USA, Head, Department of Social Sciences, U.S. Military Academy, West Point.

John P. Keith, President, Regional Plan Association, New York.

John N. Kolesar, Deputy Commissioner, Department of Community Affairs, State of New Jersey, Trenton.

Charles F. Kurfess, Speaker, Ohio House of Representatives.

V. F. Lechner, President, American Sterilizer Company, Erie, Pennsylvania.

Warren T. Lindquist, Rockefeller Family & Associates, New York.

Edward Logue, President, New York State Urban Development Corp., New York City.

Jeanne R. Lowe, Consultant on Urban Affairs, *Saturday Review*, New York.

Edward Marcus, Majority Leader, Senate of the State of Connecticut, New Haven.

Larry Margolis, Executive Director, Citizens Conference on State Legislatures, Kansas City.

Neal Maxwell, Executive Vice President, University of Utah.

David A. Meeker, Executive Secretary to the Mayor, St. Louis.

Ian Menzies, Managing Editor, *The Globe*, Boston.

Frederic Mosher, Carnegie Corporation of New York.

Rt. Rev. George M. Murray, Bishop of Alabama, Protestant Episcopal Church, Birmingham.

Selma J. Mushkin, The Urban Institute, Washington, D.C.

Arthur Naftalin, Professor of Public Affairs, University of Minnesota.

Alfred C. Neal, President, Committee for Economic Development, New York.

Mrs. Maurice Pate, Organization Director & Consultant in Higher Education & Community Affairs, New York.

Joseph A. Pechman, Director of Economic Studies, The Brookings Institution, Washington, D.C.

John Pincus, *Rand Corporation*, Santa Monica.

Frederick Pope, Jr., Pullman, Comley, Bradley & Reeves, Bridgeport.

James Reichley, *Fortune*, New York.

Henry S. Reuss, Representative from Wisconsin, Congress of the United States.

Herrick S. Roth, President, Colorado Labor Council, AFL–CIO, Denver.

Terry Sanford, Sanford, Cannon, Adams & McCullough, Raleigh, North Carolina.

Donna E. Shalala, Asst. Professor of Social Science, Syracuse University.

Paul F. Sharp, President, Drake University.

Horace E. Sheldon, Director, Governmental Affairs Office, Ford Motor Company, Dearborn.

Don Shoemaker, Editor, *The Miami Herald*.

Robert Singleton, Afro-American Studies Center, University of California, Los Angeles.

Claude Sitton, Editorial Director, *The Raleigh Times*, North Carolina.

Philip C. Sorensen, Executive Director, Cummins Engine Foundation, Columbus, Indiana.

Robert F. Steadman, Committee for Economic Development, Washington, D.C.

Stanley S. Surrey, Professor of Law, Harvard University.

Jack Tarver, President, The Atlanta Newspapers, Inc., Georgia.

Karsten J. Vieg, Assistant Executive Director, Citizens Conference on State Legislatures, Kansas City

Jack B. Weinstein, Judge, United States District Court, Brooklyn.

Lowdon Wingo, Director, Urban Studies Program Resources for the Future, Inc., Washington, D.C.

William D. Workman, Jr., Editor, *The State*, Columbia, South Carolina.

Paul N. Ylvisaker, Commissioner of Community Affairs, State of New Jersey.

At the close of their discussions, the participants reviewed, as a group, the following statement. While the statement represents general agreement, it should not be assumed that every participant subscribes to every recommendation.

The statement referred to follows:

FINAL REPORT OF THE 36TH AMERICAN ASSEMBLY

America is in the midst of an urban crisis demonstrating the inadequacy and incompetence of basic public policies, programs and institutions and presenting a crisis of confidence.

These failures affect every public service—education, housing, welfare, health and hospitals, transportation, pollution control, the administration of criminal justice, and a host of others—producing daily deterioration in the quality of life. Although most visible in the large cities that deterioration spreads to suburbia, exurbia and beyond. Frustration rises as government fails to respond.

The gap between city and suburb increases with the continuing redistribution of population and economic activity. Even within suburbia are pockets of poverty and decline. Suburban crime rates and welfare case loads, although below city rates, are growing rapidly. City and suburban dwellers also share traffic jams, pollution of air and rivers, and anxiety over the quality and cost of public education and health care.

As report follows report, as program follows program, as tax hike follows tax hike, the citizen becomes every day more doubtful about the ability of his institutions to respond—and indeed to govern at all. The political atmosphere grows less tolerant. Confidence declines. Some leaders become shrill and frightened. Somebody must be to blame, but who? The black, the blue collar worker, the self-satisfied suburbanite, the college student? Many allege local government to be hamstrung, the federal government in retreat, the state government in default.

Why haven't states done more? What would make it possible for them to fulfill their responsibilities—responsibilities which are critical to the solution of our urban problems? Removal of constitutional restrictions, awakening of political responsiveness, restructuring of state and local government, and changes in the federal-state-local fiscal system are among the principal recommendations.

However, in calling for the exercise of a full range of state authority and responsibility in the field of urban affairs, three significant limitations upon the states must be recognized: (a) the demands arising from military and foreign policy obligations which are too frequently placed ahead of domestic change in the national agenda; (b) adoption and perpetuation of costly and low-priority federal, state and local programs which grossly misallocate fiscal resources; and (c) the absence of a national urbanization policy, thereby injecting inhibition and hesitancy into state policy formulation. In full recognition of these limitations, however, the need for state action is urgent: it is the view of the Assembly that unless the role of the state governments is substantially reformed within the next decade in the terms specified in this report, the states as effective political entities will cease to exist.

REMOVING CONSTITUTIONAL OBSTACLES

The reapportionment decisions of the Supreme Court removed one major political roadblock to the modernization of state government which usually requires overhaul of the state constitution. In the wake of reapportionment, state after state has at-

tempted a variety of constitutional changes.

Although most state constitutions need revision, the claim of constitutional blocks to action is more often an excuse than evidence of a genuine inability to act. Therefore, instead of emphasizing total constitutional revision, first attention should go to removing specific constitutional obstacles to state action. Conversely, if the will to act is not there, no constitutional prescription can create it.

The state constitution should provide that all powers not reserved to or pre-empted by the state be available to local governments. This concept of shared powers means that local governments are free to act on any problem unless definitive state action is taken.

DIFFUSION OF GOVERNMENT POWERS

The Governmental fragmentation of nearly every metropolitan region makes it difficult for individual governmental units to respond to many of today's urban problems. The need for area-wide units of general or multifunctional jurisdiction is increasingly recognized.

Simultaneously, residents of many city neighborhoods fight for some kind of local control, while citizens of small suburban enclaves cling tenaciously to their present autonomy.

These contrary needs—centralization and decentralization—and the force of their expression have caused most states to abdicate their responsibility for maintaining an effective system of local government. Meeting this responsibility is urgent and inescapable.

Necessary local government modernization must recognize the metropolitan facts of life—that there are many powers that have to be exercised and many activities which must be performed on an area-wide basis. This requirement must be met in a way which will not eliminate or dilute local community participation in the decision process. Indeed, such involvement must be enhanced, particularly in the large cities where it has been weak or lacking.

There are many approaches to local government restructuring. The specific historic, geographic and cultural situation of each state and metropolitan area must be taken into account. The desirable course may be consolidation, or federation, or completely new forms of local government.

State government must also be vitalized. Legislatures must be provided the opportunity, the flexibility and the resources needed to act effectively and promptly on complex problems. This includes at a minimum annual sessions of the legislature, salaries commensurate with a full-time legislature, and adequate staff and housekeeping support. Governors must be given the power to manage and direct the executive branch, and to provide policy leadership. Departments of urban or community affairs should be established, civil service requirements should reflect the need for more urban skills in the state service.

Talent will not enter state and local public service in sufficient numbers unless encouraged to do so by decisive action of leaders now in power. Universities should open programs in state and local government service. Current civil service and other bars to attracting, maintaining and promoting talent should be removed. State and local government should be prepared to compete, financially and otherwise, with the private sector and the federal government to get this talent. If not, most of the high goals we encourage elsewhere in this document will never be achieved.

STATE AND FEDERAL RESPONSIBILITIES

Much more, however, is needed than either the removal of state constitutional impediments, or the restructuring of state and local government. Both the state and federal governments must assume new responsibilities. Specifically, they must recognize the extraordinary anticipated impact of population and technology and address themselves to the development of relevant long-range priorities, policies and programs.

No activity of government is in a worse state of neglect and disrepute than our welfare system. To improve the system and make it equitable requires federal assumption of full financial responsibility for welfare with the goal of eliminating hunger and dependency in the world's most affluent nation.

Inequity also characterizes the provision of public education. Equal educational opportunity must be guaranteed to all children. This requires unequal allocation of fiscal resources and state assumption, with federal aid, of all financial responsibility for quality public education.

States must assume a responsibility to provide decent housing, in collaboration with the private sector, the federal government and local governments. To achieve this objective, states should enact statewide building codes, exercise their power to control land use directly where necessary, and set comprehensive standards for all other land use controls within which local governments must operate. States also need to consider a variety of new approaches to urban development and redevelopment, including a program of new balanced communities, and the use of development corporations and state housing agencies.

States must assume more responsibility and exercise leadership for assuring the provision of other social services—health, day care, family planning services and manpower training—guaranteeing at least minimum standards of service throughout the state. In exercising this responsibility local governments and their constituent neighborhoods must be involved both in policy decisions and the administration of services.

The states have primary responsibility for protection of persons and property. They and their agents, the local governments, are expected to maintain security and order. Yet, the administration of criminal justice is poorly managed in many of its aspects—police, prosecution, courts, and correction. States must undertake thorough analysis of prevailing conditions and install essential reforms to avoid the collapse of urban society.

The states have failed to wage a meaningful attack on racism, despite the constitutional rights of their citizens. Unless more forceful immediate steps are taken by states to foster and further the rights of non-white citizens, the states will not be able to deal effectively with social economic and physical problems. Such steps must include legislative and administrative action to make equal opportunity available in employment, housing and education.

In the discharge of these increased responsibilities organs of general government should be utilized in preference to specialized functional agencies. However, the gravity of the present crisis requires the establishment of flexible procedures and organizational arrangements to enhance the responsiveness of state and local government.

FISCAL REFORM

Meeting the urban crisis will require more resources and the reallocation of current resources. There is also need for a distribution of the tax burden on the basis of the ability to pay. The present state-local tax system places too much stress on property and sales taxes and takes too little advantage of the fairest of all taxes. The graduated income tax.

Most states need to reform their tax structures. To set the political background, there should be an analysis of the traditional and unreal arguments against reform, such as the assertion that interstate tax competition determines industrial location. Systems of state and federal aid must also be reformed.

States which do not have a graduated income tax should adopt one. Those which now have inadequate and non-graduated personal income taxes should move to strengthen them. If they have a sales tax, they should allow a limited tax credit for it against the state income tax, or a refund payment. Further, any sales tax should include a tax on services. States should also take necessary steps to insure equitable administration of the property tax, including professionalization of the assessment process. Property taxes focused on improvements rather than land should be adopted.

Improving state and local taxes will not eliminate the need for federal and state grants-in-aid. State aid formulas must be revised to relate to local needs and local tax burdens: general support grants to urban jurisdictions should also be provided under similar guidelines.

Congress should enact a revenue sharing plan with state and local governments, including: (a) allocations related to state and local tax effort; (b) a mandatory "pass-through" to local governments above a minimum population, based on current state-local divisions of fiscal responsibility; (c) demonstration of state intention and ability to deal with local governmental and urban problems.

In general, categorical aid programs—both federal and state—should be consolidated into broad functional grants with general guidelines and program accountability instead of detailed prescriptions. Aid programs should be established and administered so as to encourage the structural modernization of both state and local government.

In recent years, federal categorical aid has tended increasingly to bypass the state and go directly to local governments largely because the states have failed to assume their proper urban responsibilities. If states are to be held accountable for local affairs, they must exercise the option to involve themselves in urban policy and programs by substantial financial participation in the required funding.

Federal funds should be channeled through the state when the state provides adequate administrative machinery and a substantial portion of the non-federal share of required funds. If the state is unable or desires not to participate on this basis, funds for that program in the state should flow directly to the local governments involved.

Notwithstanding this recommendation, the federal government must retain ultimate responsibility for the program effectiveness of the funds provided.

Part of the crisis of confidence is the legislating of urban programs without adequate and long-range funding. To adopt programs with great promise only to have them fail because of underfunding is to raise false expectations and bring disillusionment.

Congress should help to minimize interstate tax competition by the levy of moderate surtaxes on corporate incomes, cigarettes and alcoholic beverages, rebating the yields to those states which enact at least comparable levies. This would extend the principle established in the federal state-inheritance tax pattern.

It is particularly irresponsible to reduce federal revenues at a time when urban needs are so urgent.

POLITICAL FEASIBILITY

Whether the states will respond to the urban challenge is a political question. But a positive answer will not be produced by exhortation.

In combination, the proposed constitutional, structural, fiscal and program changes will make a major contribution to the solution of America's urban ills.

Most citizens are dissatisfied, yet that dissatisfaction by itself does not produce a demand for the changes advocated here. The demand will emerge from a massive effort at public education, broadened political participation, a new set of programs, new coalitions and political courage.

All possible vehicles of public information

and education should be used and improved. Existing and new media should report the urban scene in its full dimensions, supplementing spot news coverage of crisis with regular in-depth analysis of background and emerging forces. Hopeful developments should be reported with as much attention as confrontations or riots.

Where radio and television stations fail to carry out their local public service obligations, communities should challenge their FCC licensing. Radio stations and community television have a unique contribution to make; they can focus on "consumer demands" for better urban services and a quality environment. Political leaders should capitalize on their pivotal ability to direct public concern to necessary steps for urban improvement.

At the same time, meaningful participation in the political process by as many people as possible must be encouraged. Legal, administrative and political hindrances to such participation must be removed. Election laws should facilitate, not discourage, broad participation. Universal automatic registration should be established as soon as possible.

Young people must be brought into the system and provided every possible opportunity to exert their influence for change. Their idealism, imagination, and energy must be utilized in solving public problems. The age of emancipation should be lowered to 18. Maximum participation by all citizens in party activities should be encouraged.

Combined with a broadened electorate and a massive public information effort must be programs which bring to all people the advantages of a metropolitan society: expanded job opportunities, a wide range of residential choices, leisure time alternatives from spectator to participant activities, cultural and educational opportunities possessing a variety, quantity and quality available in no other kind of society.

Programs to realize this metropolitan potential are required. These programs should include health protection, consumer safeguards, environmental controls, improvements in all social services, promotion of the arts, and the encouragement of wide-spread participation in the policy-making and administrative processes. Essential is an improvement in all delivery systems, a set of improvements based not on abstract standards, but on the needs of the individual citizen.

The resources in all institutions of higher education should be utilized in analyzing and developing proposals for coping with urban problems. Universities and colleges in the states should redesign educational offerings to make them more directly relevant to current concerns.

But for some of the most urgent issues—especially education, housing, man-power programs and race relations—the present prospect for building effective constituencies appears remote. If such constituencies cannot be created, however, increased civil disaffection and metropolitan apartheid appear inevitable.

Therefore, it is particularly urgent for our elected leadership to design combinations of programs that will create a constituency from fragmented and supposedly antagonistic groups. Combined approaches to metropolitan needs may create the required constituencies. For example:

Creation of new communities can rally building industry and labor; business and manufacturers seeking new location; land owners and local public officials seeking new development and tax base; middle and low-income families in need of housing and residents desiring improved public services.

Protection and upgrading of the environment—physical and esthetic—can bring together those concerned with conservation, resource supply, a healthful environment, recreation, and urban design.

For many, the challenge of undertaking in the years ahead new kinds of metropolitan development on a scale comparable to the adventure of outer space may offer unbounded opportunity for new combinations of political support. For others, the threat of catastrophe arising from unchecked and unguided growth, the potential destruction of our metropolitan economic and physical environment and the perils of continuing social and racial division may be the necessary coalescing force for a new and effective effort.

New political combinations may also arise from political confrontation. Non-violent confrontation politics should be regarded as creative and in the American tradition, not to be deplored. That black and white, young and old, rich and poor, suburban and city dweller quarrel and debate is fine.

Public information, widespread political participation, new programs, and new coalitions can make possible everything advocated here. Finally, however, there must be public office holders and other political leaders willing to take political risk.

For the astute politician, understanding the urban crisis will provide opportunities as well as risks. Society will be served by his assumption of these opportunities and risks.

Such risks may involve bolting party lines, suffering temporary, maybe even permanent loss of public favor, engaging in partisan and bipartisan activities. Willingness to take risks must extend to business, civic, community, educational, labor and religious leaders.

For urban Americans, the vast majority of our population, a strengthened and responsive state government will bring new confidence and new hope.

MOUNTING AN ATTACK ON THE "CAREER CRIMINAL"—WE NEED A NATIONAL CRIME DETERRENT

(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 hue and cry over crime in the United States has reached the crescendo stage. We hear daily from our constituents who plead with us to "do something." Hundreds of bills have been introduced in the Congress and the State legislatures designed to curb crime in one respect or another. I recently introduced H.R. 14426—a proposal which I believe will go a long way toward solving one of the most pressing crime problems we face—what to do about the convicted felon released from prison to continue a "career in crime."

Who is the career criminal? The 1968 edition of the FBI's "Uniform Crime Reports" gives us part of the description—it is a very disturbing picture indicating why the public is losing confidence in the Nation's judicial system. I want to emphasize some of the pertinent and frightening statistics from that report which reveal the seriousness of the problem:

Eighty-two percent of a sample of offenders arrested in 1967–68 had a prior arrest, 70 percent had a prior conviction, and 46 percent had been imprisoned on a prior sentence.

Sixty-seven percent of the burglars, 71 percent of the auto thieves, 60 percent of the robbers had been arrested in two or more States during criminal careers ranging from 7 to 9 years.

A followup on 18,333 offenders released to the streets in 1963 revealed that 63 percent had been rearrested on a new charge by the end of 1968.

Two-thirds of the police killers previously convicted had been granted leniency in the form of parole or probation, and almost three out of 10 were on parole or probation when they killed a police officer.

The obvious question prompted by these statistics is "why are criminals allowed back on the streets?" I cannot, nor will I attempt to, satisfy my constituents with milk-toast legalisms. I will not wail platitudes about the "disadvantaged," or "basic environmental conditioning," or the "deleterious aspects of repressive social control," as some are wont to do. The question asked demands more than the standard sociological double talk—it demands plain reasoning. I know I shall be accused of "oversimplifying," but the main reason for the statistics comes as a result of the judiciary's criminal-coddling psychology. Day in and day out criminals are exploiting leniency to prey on innocent citizens. Too much foolish sentimentalism on the part of judges, probation officers and others has created a national uneasiness about our ability to hold the serious crime wave in this country.

There are several avenues open in reaching a solution as long as we recognize that we cannot wipe out the criminal-coddling psychology with one act of Congress. One idea was advanced by the President in the form of "preventive detention," for previously convicted felons on new charges. This approach deserves careful consideration but everyone is aware of the tremendous constitutional problems involved. Whatever the merits of that proposal, were it to be enacted into law, its effect on the "career criminal" would be a long time in coming due in part to the court cases which would result to test "constitutionality." Commenting on the President's plan, one of the country's leading newspapers stated recently:

> The ideal solution would be speedier justice—no delay in bringing a case to trial. This reform, requiring updated court procedures, and more judges and courts, is slow in coming.

No one can argue with the statement but it does have a ring of the coddling psychology I mentioned previously. Certainly, justice should be speedy, but justice should also be firm and punishment should be effective.

If a person is found guilty of a violent crime, then let us make sure he goes to prison. If a person is found guilty of a violent crime, and is sentenced to prison, then let us be sure we keep him in prison.

Last year, during a wave of emotionalism, the Congress passed the Gun Control Act. Supporters of that bill sincerely believed that by beginning a program eventually leading to the confiscation of all guns in the United States, the crime wave would be abated. We have learned otherwise. It is abundantly clear today, after only a few months of its creation, even to those who suffer with the gun control syndrome, that the act does not serve to keep dangerous weapons from the hands of criminals and incompetents as its proponents claimed. The Gun Control Act of 1968 is not a deterrent to crime. It never could have been. In fact, the thrust of the act is the exact opposite

to the goal of crime deterrence—the Nation's sportsmen and gun collectors are seen as the villain—not the criminal.

During the debate on the gun control bill, an amendment was added which was intended to "get at" the criminal who used a gun in the commission of a crime punishable under Federal law. The Poff amendment is laudable; however, the amendment should never have been incorporated in a gun registration measure. The issue became embroiled in the emotionalism of gun control and the effectiveness of the section dealing with punishment was seriously diminished. As a result, a number of bills have been introduced in this Congress to remedy what was done in haste in the last Congress.

The Poff amendment was accepted because we believe crime can be controlled if there is a proper deterrent force to the criminal. One can find a parallel situation in the maintenance of our national defenses. We have a nuclear deterrent; our potential enemies are well aware of its potential effectiveness and we never allow them to forget such awesomeness. Knowing the "price" that would have to be paid to launch an attack on our Nation deters the aggressor. If we are to deter crime, we should let those criminals and would-be criminals know exactly the "price" they would pay should they transgress the laws of the land. In my opinion, this is what can and will be achieved with a bill respecting the use of firearms by criminals.

Mr. Speaker, I believe my bill will create a crime deterrent in much the same way and with the same kind of effectiveness as our nuclear deterrent protects the Nation from all-out war. The bill is based on the concept which was misattached to the Gun Control Act. This year, we should be able to consider such a bill in a rational manner.

This is not my first bill on this subject during the present session. I have refined a bill I previously introduced, H.R. 13545, in order to take advantage of further research on the subject and in order to strengthen even more the penalty provisions relating to crimes committed where a firearm is involved. Unlike that measure, the new proposal would describe and define the punishable Federal crimes. Descriptions are added as a separate and distinct section of title 18 of the United States Code. During the debate last year, a Justice Department official was quoted as saying that a definition was a "better approach" than the "general" approach agreed upon finally and which appeared in the Gun Control Act.

This section selectively applies greater penalties to those crimes in which firearms are most extensively used and in which if firearms were not used, the crimes would be much more difficult to execute. These are the crimes in which the life of the victim is most in danger. All of the serious crimes of a violent nature are included: murder; voluntary manslaughter; assassination, kidnapping, and assaulting of a President; killing of certain officers and employees of the United States; rape; kidnapping; assault with intent to kill, rob, rape, or poison; assault with a dangerous weapon; robbery; burglary; theft; racketeering; extortion; and arson. My bill would not repeal the provisions of the present Federal law, nor would it diminish their effectiveness.

It would, however, provide an additional mandatory sentence as punishment for any person who uses or carries a firearm during the commission of a Federal crime as described in the first section of the bill. The mandatory term would be from 1 to 10 years. Such prison sentence could not run concurrently with the imposition of a sentence imposed for the commission of the felony itself. In the case of a second or subsequent conviction under this bill, the sentence likewise would be mandatory. The term would be 25 years. Again, after the imposition of the sentence, it could not run concurrently with the penalty imposed for the commission of the felony itself.

I would like to add, Mr. Speaker, that I am well aware of the disagreement over the deterrence value of mandatory sentencing and the comments made by the President's Commission on Law Enforcement and the Administration of Justice, and the President's Commission on Crime in the District of Columbia. However, I believe we have gone far enough down the trail of judicial permissiveness and it is now time that the true intent of Congress regarding criminals, particularly repeaters, be made known to the Federal bench.

The public is fed up with the constant incidence of violent gun crime by the parole violator, the person free on bond and/or the recidivist. There is only one way to begin to halt the wave of violent crimes committed with firearms, and that is by building a national crime deterrent. We could call it the "nuclear bomb" against crime. I will be the first to admit that a Federal nuclear crime bomb has a limited value if the States do not act. However, it is my hope that by our example at the Federal level and in the District of Columbia, the States will see the wisdom of constructing their own crime bombs to stop the criminal element in our society.

The FBI's statistical report on the "career criminal" indicates that the Nation is caught up in a frightening trend. We must get the recidivist off the streets. I am convinced that if the public is assured that the Congress is serious about locking up the criminal repeater, they will join in the battle at the State level. As it stands now, just about every morning John Q. Public reads in his local newspaper about another crime committed by a person out on bail or previously convicted, and he throws up his hands and says "What's the use?" One can hardly blame him—but there is a way to change this attitude.

Mr. Speaker, my bill is designed to be the first building block in the construction of a national crime deterrent.

MEDIOCRITY ENTHRONED: THE RESULT OF EDUCATIONAL "MASSIFICATION"

(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, in a recent editorial, the Wall Street Journal captured the heart of a problem that haunts the American scene—educated know-nothingness. With justification the Journal points out that in building a massive educational system we are reducing the level of educational excellence. Campus disorders, the breakdown in respect for law, and the spirit of permissiveness which prevails at many of the Nation's centers of higher education, are all the natural result of an egalitarianism which says that any person is intellectually and naturally equipped to benefit from a college education.

That this notion is false is patently obvious to any discriminating observer. Nevertheless, the sacroscant "education lobby" has so mesmerized the public that to express opposition to further reduction of educational standards is viewed as being subversive. The continued "massification" of education will produce a generation of mediocre graduates. The Nation cannot afford such a generation.

The article follows:

MEDIOCRITY ENTHRONED

In all the soul-searching about campus unrest, one of the most important causes is among the least regarded: There are simply too many people in college with no aptitude for, or interest in the academic life.

It is a point we and a few others have tried to make, and now it is made with exceptional clarity by University of Michigan Professor John W. Aldridge in a long essay in Harper's. Mr. Aldridge is a distinguished literary critic and novelist, and his comments are particularly pertinent in a time of considerable agitation for the idea of free college education for all. Even now, it is assumed that everyone has the right to go to college.

As Mr. Aldridge writes, "This is, after all, the first student generation to be admitted to the universities on the principle that higher education is a right that should be available to all, and at the same time a necessity for anyone who hopes to achieve some measure of success in middle-class society.

"The result is that for the first time in our history the universities have had to accept large masses of students who may have proper credentials from the secondary schools —because those schools have themselves been obliged to lower their standards to accommodate the mediocre majority—but who possess neither the cultural interest nor the intellectual incentive to benefit from higher education.

"Such students, when confronted with complex ideas or stringent academic requirements, tend to sink into a protective lethargy or to become resentful because demands are being made on them which they are not equipped to meet and have no particular desire to meet. . . . Hence, their natural impulse is to try to compensate for their failure of ability or interest by involving themselves in some extracurricular activity which happens today to be political activism."

So they bring to college their intellectual vacuums, but even more crucial, Professor Aldridge thinks, their immense boredom. They had not a taste of the bitter challenge of the Depression; they were 20 years too late for World War II, which in retrospect and in comparison with Vietnam seems like a noble crusade.

Through campus activism, then, "life can become once again a frontier and a battlefield. The bland abstractedness of university life is canceled by violence and melodrama, and those who cannot function effectively on the frontier of ideas are brought back into touch with a reality they can understand."

None of this is to deny that the activists and their sympathizers are still a minority. Nor to deny that students have certain legitimate grievances against the huge, often impersonal universities. But an objective ob-

server must grant that justice of the charge that much of the uproar at the colleges has been mindless, destructive, nasty and vicious.

How did the nation come to this notion that a college education is everyone's right?

In part, we suppose, it stems from the old American dream, stretching back into the last century. The father, often an immigrant and poor, would work as hard as he could to ensure a better life for his sons and daughters, and increasingly this seemed to require a college degree. To that extent, it was a wholly commendable aspiration.

That college degree has to be a requirement in academic and professional careers, but the business community too has more and more made it a requirement for significant advancement. It is unfortunate and shortsighted, but it is demonstrably what has been happening.

Not the least part of the explanation, however, is the preachment of egalitarianism derived from the liberal creed that has been in political and academic ascendancy for 35 years or so. In this view, it is not enough that everyone should have equal economic opportunity and equality before the law; everyone should in addition be made as equal as possible in terms of material well-being and social standing. It is a gross distortion of the meaning of the American system.

If we as a people really want to cure campus convulsions—and other disruptive tendencies in the society—we had better rethink that phony philosophy. A place to start is to decide to maintain standards of excellence throughout the whole scholastic system, which necessarily means that college is not for everyone.

Otherwise, this rampant egalitarianism, this enthronement of the mediocre and the parasite, could in time damage or destroy not only the university but other institutions as well.

STERLING TUCKER DESERVES THANKS

(Mr. NELSEN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. NELSEN. Mr. Speaker, many of us here in the Congress have been very pleased to note the thoughtful comments made by Mr. Sterling Tucker, vice chairman of the District of Columbia City Council, in a recent address at the 19th Street Baptist Church. Excerpts of that speech appeared in the Washington Daily News on October 30.

Mr. Tucker's firm position on the subject of crime is most responsible. As ranking Republican on the House District Committee, I would like to thank him publicly for his sound contribution toward making Washington, D.C., a model city for all its citizens and for the Nation. I include excerpts of the Tucker speech at this point in my remarks:

CRIME AND THE BLACK MAN: THE FAILURE TO SPEAK OUT—SOME THOUGHTS ON THE DANGERS OF SILENCE

(NOTE.—Why has the black leadership in the District of Columbia failed to speak out against crime? And what is the price of that failure—however understandable—in terms of human degradation? At what point do silence and sympathy encourage assumptions both harmful and false? Sterling Tucker, vice chairman of the City Council, answered these questions in a talk last Sunday at the 19th-st. Baptist Church.)

(By Sterling Tucker)

Crime in our city, increasing at a bewildering rate, casts a shadow over our lives.

You may not have been robbed yourself, held up in a dark alley or your purse snatched as you walked down the street; you may not yourself have felt a gun in your back or found your home broken into, belongings stolen you'd saved to buy . . . but you are nonetheless a victim.

A victim of the fear that is perhaps the highest cost of crime. The fear that catches you when you simply hear footsteps behind you on a dark street. Or when you see someone waiting up there ahead in an alley. Or when you keep wondering if you double-locked your door.

Many are the irreparable injuries of crime to the victim and to the offender himself—but one of the very worst is what it is doing to the way we live with each other.

And certainly we experience it to the full here in Washington. Our city ranks among the highest in crime in the nation. Not only is it higher than most cities but it is growing faster: our rate of crime increase is triple the national average. Statistics for the first six months of this year showed robberies in the District were up 46 per cent, rape up 50 per cent, over last year.

WHO GETS INVOLVED?

We know the majority of the perpetrators come from the social levels of the poor and the disadvantaged. The rich white boys in the suburbs are stealing cars too, more and more in fact, but for an over-all daily record of larceny, burglary and assault they don't match our brothers in the ghetto.

Similarly, we know who the victims generally are. They are not the voices who cry the loudest in this country for law and order; they are not the ones buying the police dogs and the burglar alarms for their suburban fortresses. No, the victims are, far and away, the poor and the black.

Statistics from the President's 1967 Commission on Law Enforcement reveal the shocking fact that if your income is under $3,000 your chances of being robbed are five times higher than if your income is over $10,000; your chance of being raped four time as high, of suffering burglary almost double.

They also reveal that if you are black, the odds that you'll be robbed are more than triple those if you were white, the odds you'll know burglary and car theft are almost double. So if you're poor and black in this beautiful land of ours, you begin to know what crime really means.

A POIGNANT STATISTIC

We also know what is at the root cause of the crime. The President's Commission report included what was to me a very poignant statistic. A survey was conducted to determine how American citizens rated the seriousness of national problems. All income levels, both black and white, rated race relations at the top of the list, and all rated crime as the number two problem; except for one category—the category that was the poor black; they put as number two problem, above crime, the problem of education.

So those, by far the most victimized, knew what the seed cause is.

We know and we agree that in the last analysis at the root of the crime are the desperate conditions of the ghetto; the inadequate, overcrowded, ill-equipped schools; the unbearable, dilapidated overcrowded housing; the unemployment; the broken families; all the vicious forces that push the poor urban black outside of society. And it is no wonder then, say the sociologists and the reformers, no wonder then that he acts as if he were outside that society, acts out that alienation in crime.

But while I am disturbed about the rampant wave of crime, and while I am deeply disturbed about the conditions that perpetuate the ghetto and foster crime, there is something else here that also disturbs me.

What disturbs me is the failure of black leadership to speak out against crime itself.

I do not hear their voices raised against the robbery and burglary and rape that is perpetrated on our people, against the gun-toting that turns our streets into alleys of fear. The statistics rise, but they maintain an aloof silence. And it disturbs me because their silence most damages the black community itself.

Now, it is easy to understand why there has been this silence. We black leaders have been directing our attention to society's crimes against our people—and quite rightly so—to the tragic injustices of our system, to the attitudes and vicious practices of a Fascist white majority that have kept our people so long in poverty and despair.

When it comes to crime, we have focussed on police tactics: we have told the story of police brutality and bigotry and documented it, of how the ghetto-dweller feels the need not for protection by the police but from the police. We have brought this out into the open and forced changes and the first steps toward community control.

This is good; what is not so good is that in fighting these practices our attention has been diverted from crime itself.

Now my point is that the time has come when black leaders must speak out against crime as well as against the police. We must lay equal stress on the crimes of the people against society as on the crimes of society against the people. My point is that not to do so distorts the picture and lays an intolerable burden on the black man himself.

For this silence encourages certain assumptions that are degrading and dangerous. It tends to encourage the assumption, for example, that crime is only a function of poverty and injustice. It tends to justify the crime rate in terms of the cost of living. Bleeding hearts, both black and white, say in so many words, "You steal because you're poor. You're not responsible for your poverty, therefore you are not really responsible for your crime."

Now this attitude is highly injurious, not only to society but most particularly to the recipient of all this commiseration and sympathy, the black man himself. It is degrading, it is harmful, and it is false.

It is false because those who steal are not those who are trying to make ends meet. Those who steal are not those who are trying to meet the monthly rent bill and the gas bill and all the other bills, and trying to feed their children and clothe them. Those who are doing that, those who really are fighting the cost of living, are not the ones who steal.

Take the working mother who is up before dawn to get out to the suburbs to do another woman's housework, and returns after a hard day's work to cook for her own children and then stay up late into the night doing her own housework and washing and ironing their clothes. If you want to know about poverty, about the grueling daily effort to make ends meet, ask her—not the hold-up artist.

And it is degrading to her, to her efforts and to her courage and dignity, to condone the assumption that poverty justifies crime. As statistics show, she more likely than not is the victim.

Therefore we must not let the injustices of society, as cruel as they are, muffle our alarm over crime. We must speak out. The burden of being black in this society is bad enough. The burden of being poor is bad enough. What we certainly do not need is the additional burden of being told, "You steal because you're poor." What we do not need is to condone and tacitly support the assumption that we are not morally responsible.

We do not need this erosion of our dignity. We must not let society hang this on us as well.

SENATOR MURPHY: "A WISE AND FRUGAL GOVERNMENT"

(Mr. NELSEN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. NELSEN. Mr. Speaker, Senator GEORGE L. MURPHY of California has taken a leading role in the Congress in efforts to eliminate political improprieties in the conduct of public business. As a fellow member of the Commission on Political Activity of Government Personnel, I have been delighted to work with him for the establishment of a Federal civil service merit system free of political armtwisting and partisan manipulation.

Senator MURPHY has discussed one of the legislative steps that should be taken toward this objective in an article which appears in the September issue of the Los Angeles Bar Bulletin. He outlines the case for prohibiting political activity or campaigning by members of major Federal regulatory agencies and the Civil Service Commission. As cosponsor of such legislation in the House of Representatives, I request unanimous consent to include the Murphy article in full at this point in my remarks:

"A WISE AND FRUGAL GOVERNMENT"

(By the Honorable GEORGE L. MURPHY, U.S. Senator from California [1])

"A wise and frugal government, which shall restrain men from injuring one another, which shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government and this is necessary to close the circle of our felicities."—THOMAS JEFFERSON.

On March 4, 1801, in his first Inaugural Address this nation's third President warned a young country about the danger of overregulation—and, by inference, he cautioned that government employees be guarded from exercising undue political influence.

History has a way of alerting us to dangers of the present.

The regulatory process and the regulatory agencies are an important part of our government. Their influence is expanding as government extends its power into new areas of our life.

Decisions rendered, regulations promulgated and actions taken impinge on the daily life of every American. A decision to buy a television set, ride on a train or a plane, buy or sell common stock, make a telephone call, borrow or lend money, hire or fire an employee—all these and many more activities are affected to some degree by the actions of the regulatory agencies of the government.

Shortly after assuming office in 1961, former President John F. Kennedy said of the regulatory agencies.

"The responsibilities with which they have been entrusted permeate every sphere and almost every activity of our national life. Whether it be transportation, communications, the development of our natural resources, the handling of labor-management relationships, the elimination of unfair trade practices, or the flow of capital investment—to take only a few examples—these agencies and their performance have a profound effect upon the direction and pace of our economic growth."

Under Title V, Section 7324 of the United States Code, federal employees of executive agencies are prohibited from (a) using official authority or influence for the purpose of interfering with or affecting the result of an election or (b) taking an active part in political management or in political campaigns. Subsection (d)(3) of this Section provides an exception from the taking of an active part in political management or in political campaigns prohibition for those appointed by the President with the advice and consent of the Senate.

Alert to these dangers, I have introduced a bill to eliminate this exemption and extend prohibitions on political activity to the heads of the Federal Government's major regulatory agencies and the Civil Service Commission.

It would extend existing laws' prohibitions on political activity to the Atomic Energy Commission, the Board of Governors of the Federal Reserve System, the Civil Aeronautics Board, the Federal Home Loan Bank Board, the National Labor Relations Board, the Federal Power Commission, the Federal Trade Commission, the Interstate Commerce Commission and the Securities and Exchange Commission.

Also, my bill would amend Section 7323 of Title V of the United States Code, which prohibits political contributions. The section provides that an "employee in an executive agency . . . may not request or receive from, or give to, an employee, a member of Congress, or an officer of a uniformed service a thing of value for political purposes." As is the case under Section 7324, there is an exemption from this prohibition for one appointed by the President with the advice and consent of the Senate. My bill would eliminate the exemption for the major regulatory agencies previously mentioned and the Civil Service Commission. There is a comparable criminal provision in Section 602 of Title XVIII of the United States Code and there are no exceptions; however, this criminal provision covers only soliciting or receiving things of value, and it does not apply to *giving*. Therefore, it would be possible for a member of the regulatory agencies or a Civil Service Commissioner to *give* a political contribution to a member of Congress.

Hence, there is a need for extending the prohibition on *giving* to the heads of regulatory agencies and the Civil Service Commission, and by removing the exemption of Section 7323 for these agencies, my bill does just that.

Upon re-examination of these exceptions from the political activity restrictions for persons appointed by the President with the consent of the Senate, I believe it is clear that the exemption for heads of regulatory agencies does not meet the rationale and purpose of the exemption. The exemption was put in the Act in recognition that certain individuals who are in top policy-making positions and who are required to answer for the Administration must of necessity be allowed to identify with and support the Administration in power. But it is clear to me that the heads of regulatory agencies, to whom my amendment would extend the prohibition or political activity restriction, are not in political positions. These individuals have tremendous power. They exercise quasi-judicial powers. They are not supposed to be answerable to the Administration in power. They are not responsible for the formulation and execution of Administration policy. Their task is to carry out the policy pursuant to the various statutes enacted by the Congress. In administering these laws, they decide cases and issues that have a tremendous influence on the lives of each of our citizens. Certainly, when one considers the great social and economic impact of decisions made by the regulatory agencies, the general public has every reason to demand political neutrality in the exercise of their duty.

While I would be the first to admit that there has been overall little abuse in this area, nevertheless, one can recall the adverse publicity and reaction that resulted during the last Congress when the former head of the Civil Service Commission participated in party fund-raising activities. In my judgment, it was particularly unwise and unfortunate for the Chairman of the federal agency responsible for the administering of federal laws designed to prevent pernicious political activity of public employees to actively inject himself into partisan activities. The Civil Service Commission is charged with the responsibility of administering federal laws deemed necessary to maintain an impartial and efficient civil service.

My bill would extend the political restrictions to the major regulatory agencies, including the Civil Service Commission. The bill further provides that where the Civil Service Commissioner is involved in a violation, the Justice Department will act as the enforcement agency.

Also, my bill would amend Section 7323 of Title V so as to cure a present defect. This section, originally enacted in 1876, requires the removal of an employee violating its provisions, but it does not give a particular agency enforcement responsibility. My bill would assign enforcement responsibility to the Civil Service Commission. Finally, my bill would amend the penalty provision of Section 7323 of Title V of the United States Code to provide a range of penalties, instead of the sole penalty of dismissal as provided in Section 7325 of Title V of the United States Code.

[1] Senator Murphy was born in New Haven, Connecticut and attended the Pauling School and Yale University. After an esteemed career in motion pictures, he was elected a United States Senator from California on November 3, 1964. Senator Murphy has served on the Senate Committee on Labor and Public Welfare and the Senate Committee on Public Works. The 91st Congress saw Senator Murphy appointed to the Armed Services Committee and to the Senate's Special Committee on Aging.

CONSUMER CLASS ACTION ACT

(Mr. ECKHARDT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ECKHARDT. Mr. Speaker, I introduced on Wednesday, October 29, the bill H.R. 14585, a bill to provide for consumer civil class actions in Federal courts in cases of fraudulent or deceptive practices condemned by the Federal Trade Commission Act and in cases in violation of consumers' rights condemned by State law. This bill, and its companion bill in the Senate by Senator TYDINGS, S. 3092, are the most comprehensive consumer class protection bills yet introduced in Congress. Fifty Members of the House, from both sides of the aisle, have signed the House bill and its later companion bill. Their names, and the 10 other Members who will go on a subsequent bill, are appended. The bill's purpose and an explanation of its provisions are summarized as follows:

First, the policy behind the bill;

Second, the need for such legislation;

Third, the history of this bill;

Fourth, Mrs. Knauer's approach;

Fifth, section-by-section analysis;

Sixth, comparison with President's approach;

Seventh, fault of governmental action as condition precedent;

Eighth, necessity of using State substantive law as base; and

Ninth, Presidential proposals not lethal to purpose if an adjunct.

THE POLICY BEHIND THE BILL

Some of the features of these bills are not altogether new. Senator TYDINGS and I introduced bills slightly varying in text

but having similar import in the spring of this year. The original Tydings and Eckhardt bills were numbered, respectively, S. 1980 and H.R. 11656. They provided for consumer class actions in Federal courts in cases of violations of consumers' rights condemned by State law. They thus afforded the liberal machinery of Federal Rule 23 for joinder of all persons in like situations involving deception, fraud, or other illegal overreaching of consumers.

I introduced H.R. 11656 on May 26, 1969, and I appeared at the hearing on the Senate bill on July 28, 1969, to support the provisions common to both bills. The President in his message of October 30, 1969, has supported the concept of consumer class suits, and his statement of the rights involved broadly and accurately defines them:

> The buyer has the right to accurate information on which to make his free choice.
>
> The buyer has the right to expect that his health and safety is taken into account by those who seek his patronage.
>
> The buyer has the right to register his dissatisfaction, and have his complaint heard and weighed, when his interests are badly served.

I agree that the buyer has all of these rights. But I would say further that, if he has these rights, he should be entitled to protect these rights in a court by instituting his own suit, whether or not an official of Government or an agency has first cleared the way through governmental action. In addition, the judicial machinery must be adequate to afford relief even to the consumer whose claim is too small for it to be practical for him to bring his suit alone.

No machinery of government that falls short of supplying such judicial protection of individually asserted rights is adequate to accomplish these objectives. Our bill, H.R. 14585, on the House side, and Senator TYDINGS' bill, S. 3092, in the other body, are adequate to accomplish these objectives.

THE NEED FOR SUCH LEGISLATION

It almost goes without saying that I am most pleased to see the President place great emphasis in his consumers' message on class suits by consumers in Federal courts, and he has enunciated, in almost the same words as in our bill, the need for such class actions. Quoting the message:

> Present federal law gives private citizens no standing to sue for fraudulent or deceptive practices and State laws are often not adequate to their problems. Even if private citizens could sue, the damage suffered by any one consumer would not ordinarily be great enough to warrant costly, individual litigation. One would probably not go through a lengthy court proceeding, for example, merely to recover the cost of a household appliance.

H.R. 11656, the bill originally introduced by myself and nine others, made a finding by Congress to this effect, stating:

> Congress finds that an adequate process for class action is essential to effective consumer protection, because class actions usually involve sums too small to justify individual litigation. By consolidating numerous claims of consumers injured in substantially the same manner, actions may be economically brought and sound judicial administration is promoted.

Therefore, I think all authors of the original bill in the House (H.R. 11656) and of the bill that was introduced last Wednesday (H.R. 14585) would find no fault with the statement of the problem in the President's consumer message and would find it most salutary that this issue is thus put in the forefront of legislative concern.

THE HISTORY OF THIS BILL

It will help to understand the provisions of H.R. 14585 to briefly recite its history.

The legislation introduced by Senator TYDINGS, myself and my coauthors last spring was designed to provide consumers with an effective means, the class action, for fighting practices sometimes perpetrated against consumers in the nature of fraud, deception, overreaching, and vending such shoddy merchandise as to breach an implied warranty that the merchandise is suitable for its apparent use.

In July, the Senate Subcommittee on Improvements in Judicial Machinery, of which Senator TYDINGS is chairman, held hearings to consider the merits of this legislation. I testified at those hearings. Other witnesses included Ralph Nader, the "consumer watchdog," and Bess Myerson Grant, commissioner of the department of consumer affairs for the city of New York.

MRS. KNAUER'S APPROACH

One witness, Mrs. Virginia Knauer, Special Assistance to the President for Consumer Affairs, presented an interesting, divergent approach to consumer protection. In her testimony she suggested legislation to permit consumer class action suits for the broad range of practices defined as "unfair or deceptive" under the decisions interpreting the Federal Trade Commission Act. Although her proposal was somewhat different from the legislation that we had introduced, Mrs. Knauer joined the other witnesses in approving the underlying philosophy of our bills.

Since the hearings, we have had the opportunity to study the testimony of Mrs. Knauer closely and to discuss her suggestions in depth with representatives from her office. We have concluded that the proposal is a valuable one, one that complements the legislation that we introduced in the spring. Therefore, Senator TYDINGS and I drafted the bills, S. 3092, and H.R. 14585, embracing therein the two concepts. A brief description of the bills follows:

SECTION-BY-SECTION ANALYSIS

Section 1 includes the enacting clause and the title of the bill, "Consumer Class Action Act."

Section 2 amends the Federal Trade Commission Act to provide that consumers who have been damaged by unfair or deceptive practices in commerce are entitled to bring civil suits in the form of class actions. Under present law the Federal Trade Commission Act provides only for the processing of cases againt persons engaged in unfair or deceptive practices by the Commission itself.

Section 3 makes congressional declarations and establishes national policy. The policy adopted here is based upon the following need: State laws have gone a fair way to devise substantive provisions for consumer protection. And the State courts have hewed out, by common law process and statutory interpretation, a considerable body of consumer law. But the processes of the State courts do not afford effective means of permitting many persons who have bought from different agents of a given defendant, or from the same agent in different transactions, an opportunity to lump their claims together so as to have a large enough damage claim to finance the suit; the court costs involved, the lawyers' fees, and such notices as must be printed. Therefore, the bill establishes Federal policy that this machinery shall be available through use of the Federal courts and their liberal procedure for joining many persons in class actions.

Section 4 contains the gravamen of the bill. It makes an "act in defraud of consumers which affects commerce" an unlawful act which will give rise to a civil action triable in the district courts of the United States. Such suits may be tried without regard to the amount in controversy. An "act in defraud of consumers" is defined as including two distinct things:

An unfair or deceptive act or practice as the Federal Trade Commission Act condemns in section 5(a)(1); and

An act which gives rise to a civil action by a consumer or consumers under State statutory or decisional law for the benefit of consumers.

Such a suit in Federal court would apply the law of the States in exactly the same manner that the Federal courts apply such law in a diversity of citizenship cases. Thus, the court in any suit is dealing with a definite body of law in a manner in which it is accustomed to deal with such law. There is nothing unfamiliar in the act which would make it difficult for the court to proceed according to customary practices. For instance, the conflict-of-law law which ordinarily applies in diversity cases would establish the law applicable to any body of facts before the court.

It is very important, however, that these substantive offenses, initially spelled out in State law, be considered as Federal offenses triable in a Federal court and that the basis for jurisdiction be without respect to amount in controversy.

Of course, suits in Federal court on diversity of citizenship can presently be tried on the basis of State substantive law, just as suits under this act would be tried—with one exception: There is no requisite of jurisdiction based on jurisdictional amount in this act. This is important because in *Snyder* v. *Harris*, 89 S. Ct. 1053 (1969), it was held that claims of the individuals in the class action cannot be aggregated toward the $10,000 minimum.

As is well known, cases come into the Federal court through two doors:

First, diversity of citizenship with a $10,000 jurisdictional amount; and

Second, Federal question jurisdiction.

In the latter type of case the jurisdictional requisite may apply but the statute involved itself may waive it. That is what is done here.

Section 4 also provides that consumers may sue for attorneys' fees based on the value of the attorneys' services to the class, and such fees may be awarded from money damages or financial penalties which the defendant owes to members of the class who cannot be located after due diligence. The court shall award these attorneys' fees in an amount not exceeding 10 percent of the total judgment unless failure to award a greater amount would be manifestly unjust and not commensurate with the efforts of counsel.

COMPARISON WITH PRESIDENT'S APPROACH

It is well to compare the provisions of this bill with the substantive recommendations of the President and to anticipate possible accommodations of policy as enunciated in that message to the framework of this bill. This is, of course, difficult in that no specific legislation had yet been formulated by the White House up until the time of this writing, though we have been in recent contact with staff attorneys of the Special Assistant to the President for Consumer Affairs and the attorney in the Justice Department assigned to the matter. In this regard, Mr. Nader is correct in criticizing the President's consumer message as "filled with a program for future studies, future recommendations, and no present action."

But the framework of legislation recommended in the President's consumer report could be implemented by legislation in section 4 of H.R. 14585. There, the first type of "act in defraud of consumers" is defined as "an unfair or deceptive act or practice which is unlawful within the meaning of section 5(a)(1) of the Federal Trade Commission Act." We would invite the use of this as a legislative vehicle to provide private citizen's rights to bring action in a Federal court to recover damages as a result of the several specific fraudulent or deceptive activities which we understand the Justice Department to be framing. In this section of the bill it may be conceded, arguendo, that there is merit to the President's rationale expressed in the consumer message:

> The legislation I will propose will be of sufficient scope to provide substantial protection to consumers and of sufficient *specificity* to give the necessary advance notice to businessmen of the activities to be considered illegal.

I would put the argument a little differently: That there is a need to confine new substantive Federal law in a specific area in order that there not be two separate tracks on which somewhat different substantive law of fraud and deception shall run—a State and a Federal track somewhat paralleling each other. Our bill is very carefully framed to track the existing law of fraud and deceit and other similar practices of overreaching so that the choice of a forum will not determine the substantive rule applicable to the case. The choice of the forum would only affect the availability of procedural, judicial machinery, that of the class action under Federal Rule 23.

I think I can say for my colleagues that we would welcome the aid of the Justice Department in framing language relating to what might be called the "A" portion of the definition of "an act in defraud of consumers." That provision deals with unfair deceptive practices under the Federal Trade Commission Act: a substantive law of unfair and deceptive practice which is "Federal" in its origin.

FAULT OF GOVERNMENTAL ACTION AS CONDITION PRECEDENT

But the proposal described in the President's message, standing alone, would give consumers the right to bring action in Federal court to recover damages only "upon the successful termination of a Government suit under the new consumer protection law." This is far more restrictive than the provisions in H.R. 14585, which would permit consumers to seek redress forthwith, whether or not they could convince an agent of the Federal Government to proceed with the action. If the slow processes of governmental agencies must intervene between the time the consumer is defrauded and the time he may go to court using effective class action procedures to redress the wrong, many thousands of consumers will be blocked from effective relief, and the agency—not the injured party—would determine which consumers are to be given full and effective protection and which are not.

NECESSITY OF USING STATE SUBSTANTIVE LAW AS BASE

If the relief which is of Federal substantive origin—"A"—is to be so restricted, it becomes absolutely essential to retain the sweep of the—"B"—section permitting a direct class action for "an act in defraud of consumers" which arises under State law. This provides that consumers may sue in Federal court on consumer claims arising under State statutory or decisional law for the benefit of consumers. Only if this is retained will the act be truly a broad, consumer class action law.

The Knauer concept as restricted in the President's approach would afford small aid to consumers and would funnel them through a bureaucratic process which would be burdensome, unfair, and dilatory. Such was not the case originally and is not the case in the bill as now worded in the "A" section.

Such a restrictive class action process, standing alone, would have all the evils exemplified in the Holland Furnace Co. case. *In Re: Holland Furnace Co.*, 341 F. 2d 548. In that case, the Holland Furnace Co. agreed to a Federal Trade Commission consent order against certain misleading advertising claims in 1936. Although complaints against the company continued, a second proceeding was not initiated by the Federal Trade Commission until 1954. Four years later a cease-and-desist order was issued prohibiting Holland from engaging in the deceptive practice. Holland ignored the court decree enforcing the cease-and-desist order and was finally fined for contempt of court in 1965, nearly 30 years after consumers began to be injured by the deceptive practice.

If the Nixon proposal, standing alone, were to become law, a similar process could intervene between the time of injury to the consumer and the time the bureaucratic and governmentally initiated process had been completed. As we see from the Holland Furnace case, such processes can delay justice for 30 years. Such Jarndyce against Jarndyce justice is certainly not adequate to the problems of our times.

PRESIDENTIAL PROPOSALS NOT LETHAL TO PURPOSE IF AN ADJUNCT

But there is some merit in providing a governmentally initiated process as an adjunct to a total consumer protection process dealing with acts in defraud of consumers as set forth in "A" and "B" together. It helps to spell out a total Federal policy, gives added weight to the Federal concern and the Federal nature of the act. If restricted as the President suggests in quite specifically defined areas of fraud, it avoids overlapping with State substantive law and, as the Presidential message says, it gives "notice to businessmen of the activities to be considered illegal" as spelled out in substantive Federal law. Of course, all persons may be presumed to know what is now illegal under State substantive law. However the Federal substantive law is formulated, it is absolutely essential that State substantive law be retained and incorporated in such a way that the consumer is permitted to initiate his own claim for relief under it without awaiting action by Government.

The Presidential proposals are not lethal to the purpose of broad consumer protection if it is an adjunct to that part of the definition of an "act in defraud of consumers" which is based on State substantive law. Standing alone as the exclusive Federal basis for general civil actions in the consumer field it would kill the hope of broad consumer protection

CONCLUSION

In conclusion, H.R. 14585 affords, we think, an extremely practical and effective way of establishing a strong body of consumer law. It acts pragmatically under existing law, permitting a common law approach to remedying and curbing overreaching in the marketplace. It does not attempt to anticipate in exquisite detail every fraud or act of overreaching which might give rise to a consumer class action. But since it adopts State law as Federal law, it gains all of the specificity of existing statutory and common law applicable to the facts: The businessman has notice of what activities are to be considered illegal in exactly the same manner that he has such notice in a case which is in Federal court on the basis of diversity of citizenship.

It is the sponsors' hope that this bill will afford an opportunity, on a nonpartisan basis, for Congress to give the consumer what he has long needed—a fair break in his day-to-day dealings in the marketplace. It is not only the consumer that needs the assurance of the fairness of the marketplace but also the vast majority of merchants who do deal fairly. The good reputation of the marketplace is essential to a healthy free competitive economy.

A list of the sponsors follows:

SPONSORS

Brock Adams, Jonathan B. Bingham, John Brademas, Frank Brasco, George Brown, Jr., William T. Cahill, Shirley Chisholm, William Clay, John Conyers, Jr., James C. Corman, and John Dingell.

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NIXON SAYS "THANKS"

(Mr. FINDLEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FINDLEY. Mr. Speaker, tomorrow I will offer an amendment when the Foreign Affairs Committee takes up the resolution—House Resolution 612—on Vietnam policy.

I am glad to be one of 100 cosponsors of the resolution introduced yesterday. I am also a chief sponsor of an earlier resolution—House Resolution 564—dealing with troop withdrawals. My amendment will have the effect of combining the language of the two resolutions.

The more recent resolution scheduled for consideration in an executive session of the committee tomorrow, expresses broad support for the President's efforts to negotiate with Hanoi. It is fine as far as it goes, but it does not deal with the most fundamental question of Vietnam policy as advanced by the President. That question has to do with troop withdrawals. It is entirely appropriate under its constitutional responsibilities for the House to take this opportunity to express support for troop reductions already effected and for the plan for complete withdrawal the President has announced.

I am pleased to say I just received yesterday a written expression of thanks from President Nixon regarding my troop withdrawal resolution. Here is the text of the President's letter to me:

DEAR PAUL: I would like to express my thanks to you for your role in the introduction of the House Resolution concerning my scheduling of troop withdrawals from Vietnam. This legislative action is greatly appreciated.

Also, please convey my sincere appreciation to the students of Quincy College for their petition in support of my efforts to bring the hostilities in Vietnam to an honorable conclusion. This undertaking on the part of the students is most heart-warming and their sincere statement is most meaningful.

With warm regard,
Sincerely,

RICHARD NIXON.

THE WHITE HOUSE.

At a White House dinner last night the President repeated to me the expression of appreciation he had put in the letter.

As revised by my proposed amendment here is how House Resolution 564 would read:

[Proposed amendment printed in italic]

Resolved, That the House of Representatives affirms its support for the President in his efforts to negotiate a just peace in Vietnam, expresses the earnest hope of the people of the United States for such a peace, calls attention to the numerous peaceful overtures which the United States has made in good faith toward the Government of North Vietnam, *expresses its sense that the substantial reductions in U.S. ground combat forces in Vietnam already directed are in our national interest,* approves and supports the principles enunciated by the President that the people of South Vietnam are entitled to choose their own government by means of free elections open to all South Vietnamese and supervised by an impartial international body, and the United States is willing to abide by the results of such elections, and supports the President in his call upon the Government of North Vietnam to announce its willingness to honor such elections and to abide by such results, to allow the issues in controvery to be peacefully so resolved in order that the war may be ended and peace may be restored at last in Southeast Asia, *and supports the President's expressed determination to withdraw our remaining ground combat forces at the earliest practicable date.*

As a means of demonstrating the broad bipartisan support, I am listing here, classified by States, the cosponsors of House Resolution 564 and resolutions of identical language. Here is the precise wording of the resolution followed by the names of the cosponsors:

H. RES. 647

Resolved, That it is the sense of the House of Representatives that the substantial reductions in United States ground combat forces in Vietnam already directed are in the national interest and that the President be supported in his expressed determination to withdraw our remaining such forces at the earliest practicable date.

COSPONSORS

Alabama: William L. Dickinson-R.

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Oregon: John R. Dellenback-R; Al Ullman-D; Edith Green-D.

Pennsylvania: Joshua Eilberg-D, Edwin D. Eshleman-R; Joseph M. McDade-R; Herman T. Schneebeli-R; Frank M. Clark-D; Edward G. Biester, Jr.-R; Gus Yatron-D; R, Lawrence Coughlin-R; Robert J. Corbett-R.

Tennessee: John J. Duncan-R.

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Wyoming: John Wold-R.

* Principal sponsors.

REA GENERATION AND TRANSMISSION LOANS

(Mr. MICHEL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MICHEL. Mr. Speaker, I have called upon the Administrator of the Rural Electrification Administration, Mr. Hamil, to conduct an intensive review of large generation and transmission loans made by the previous REA Administrator. A most unhealthy situation has developed regarding certain of those loans which involve millions of dollars in taxpayers' funds.

Accounts in the press indicate that Clark Mollenhoff, Special Assistant to the President, also intends to investigate this situation. I am most happy that he is, for the more light that can be shed on the operations of this agency, the better. Once one of the most popular programs ever passed by the Congress, REA in recent years has been enmeshed in controversy. Now a series of articles in the Chicago Tribune indicates that these disputes are continuing, despite the best

*Principal sponsors.

efforts of the present Administrator to clean things up.

The Chicago Tribune's investigative reporter, Ronald Koziol, has exposed the current situation surrounding several REA generation and transmission loans—loans, incidentally, that were questioned in the Appropriations Committee and on this very floor while they were under consideration by REA, and before funds were released by the previous REA Administrator, Norman Clapp.

Among the loans cited in the Tribune articles are:

The Hoosier loans for $100 million with about $72 million already released. This generating plant and transmission system has been built but is standing idle because of a decision by the State supreme court that Hoosier has never obtained a certificate from the Public Service Commission of Indiana to operate the facilities. This idle plant, which should not have been built in the first place, probably will cost the taxpayers between $10,000 and $11,000 a day in delinquent interest as long as it stands idle. Even when the litigation is resolved, cooperative consumers will have to foot the bill for this unwise uneconomic plant.

The most ridiculous feature of this loan, however, is that the Government is financing facilities that will cost $100 million to duplicate facilities which cost $25 million and are already being used to serve the same customers.

The Louisiana loan. This $56 million loan has been the subject of Appropriations Committee discussions, congressional debate, and litigation for the past several years. As hearings before the Appropriations Committee have demonstrated, this loan will result in higher cost power for farmers and other cooperative consumers in Louisiana if the system is built as approved by REA. This loan has placed the Federal Government in the embarrassing position of spending taxpayer dollars which, if the plant is built, could increase electric rates of rural people.

The Basin loan. This is the largest single loan in REA history: $97 million, and was made October 25, 1968, just prior to the election. It was made despite the fact that the record before the Appropriations Committee showed that facilities previously constructed by Basin from a $36 million REA loan made in 1962 have more than adequate capacity to serve its customers for years into the future.

As a matter of fact, Basin already has incurred a loss of $2,500,000 for the first 3 years of operations with this plant. This large loss accrued although no payments on principal have yet been made by REA on this loan. The recent $97 million loan is nothing more than throwing good money after bad, and there should be no advances of funds to Basin until the entire situation has been fully investigated and reappraised. This loan was not designed to help REA borrowers, but to promote the scheme of Federal power zealots who want to control the power supply for the whole region.

The Big Rivers loan. This generating and transmission cooperative, already federally financed to the tune of $72 million received $27,400,000 more in REA funds just 5 days before the new administration took office in January. This loan—and others—almost exhausted REA's loan authorization for fiscal year 1969, and caused the Appropriations Committees of Congress to urge the new Administrator to give priority to distribution loans in administering available funds.

The Chicago Tribune articles state further that Mr. Clapp now has been put on retainers by some of these big borrowers to conduct a survey for them. I would submit that the problems which Mr. Clapp would survey are already evident—the ones he created for them. For example, how closely are large generation and transmission loans related to economic facts and actual needs? Why were so many loans made at the tag end of the last administration? Is there a connection between some of these large loans and Mr. Clapp's present activities? Why were funds advanced to Indiana Statewide—Hoosier—to construct facilities before consent of the State authority having jurisdiction was obtained, as required by the Rural Electrification Act?

Personally, I cannot answer these questions, and I do not think they will be answered until there is a thorough investigation of the whole gamut of REA operations.

The red ink from these unwise and uneconomic loans must somehow be blotted up by the present Administrator, Mr. Hamil. I sympathize with him as he grapples with this task, just as I sympathize with the cooperative consumers who are finding their program jeopardized by the questions raised by these and other REA loans.

Mr. Hamil improved REA policy by revoking the criterion under which many of these questionable loans were made, and has returned to the cost and availability of power to the cooperative consumer as the basic factor in determining the justification for generation and transmission loans.

The facts surrounding these cases have cast a new pall of suspicion over the whole REA program. It is time to call a moratorium on advances for these generation and transmission loans until they have been thoroughly restudied.

Surely, too, there should be a special review of REA loans made in the closing days of the previous administration in order that the type of long and involved litigation involving earlier loans might be avoided. If court cases could be avoided, the taxpayers and cooperative consumers would be saved millions of dollars.

But most important, the continuing difficulty in which this program is enmeshed dictates that there should be no further expansion of REA until the Congress has probed the actions of this agency. Only then will we be able to frame the laws necessary to correct its transgressions or to reformulate the program and the agency so that national interest will be served. As it stands, REA is destined to become increasingly controversial, for at a time when other businesses must pay 7 and 8 percent for funds, REA borrowers pay but 2 percent.

At a time when taxpayers must shoulder a tax on taxes, REA cooperative borrowers contribute not a cent to Federal income tax revenues.

At a time when the Federal Government is striving to channel resources into programs of the highest priority, REA and certain borrowers face litigation over wasteful loans that duplicate existing, more economic facilities and services offered by others. Some of these loans, as I have stated, even threaten cooperative consumers with higher cost power.

If REA is ever to escape the seething controversies in which it has been embroiled in recent years, it must realistically justify its actions and its reasons for being.

When the money markets are charging 8-percent interest, REA 2-percent loans must be justified not just 100 percent, but 400 percent. They must be above question in their benefits to cooperative consumers and in meeting the objectives of this program as established by the Congress.

The propriety of the loans, the procedures under which they are granted, the personnel administering the program must be unimpeachable. Any lingering questions or doubts serve only to perpetuate controversy and to expose the program to charges of wastefulness, boondoggling, or worse, and threaten its very existence.

I include the following material:

[From the Chicago (Ill.) Tribune, Oct. 30, 1969]

INDIANA PUBLIC POWERPLANT LIES IDLE AS COSTS PYRAMID

(By Ronald Koziol)

American taxpayers have financed a 71.8 million-dollar electric generating plant which has stood idle for five months on the banks of the White river near Petersburg, Ind., 260 miles south of Chicago.

The government loan for the project, which eventually will total $100,430,000, has been termed a "boondoggle" and a duplication of existing power facilities by critics of the Rural Electrification administration.

OVER 965 MILES OF LINES

All of the money was lent during the Kennedy and Johnson administration by former REA Director Norman M. Clapp.

The reason why the plant hasn't generated one watt of its 233,000 watt capability over 965 miles of already constructed transmission lines is because of legal action brought against the government and rural electric cooperative members, who obtained the loan, by private utilities in Indiana.

The utilities have been supplying electricity at bulk rates to the cooperatives, which pay no federal income taxes. The cooperatives then distribute the power to their members.

UNITED STATES MEETS PAYROLL

As the court battles continued, the government was forced to assume legal title to the generating plant last Dec. 28, and has had to meet a payroll for 78 employes and operating costs totaling $300,000 a month.

Add to this amount the delinquent interest payments on the loan thru the end of this month which have soared to $942,000. By Dec. 31, REA officials acknowledge that the delinquent interest payments will reach $1,262,000.

FEDERATION OF 16 CO-OPS

The government has also had to take over payments of $23,000 a month under a power pool contract which calls for stand-by electricity from the Southeast Power administration, another government agency. Through Monday, REA officials had paid a total of $230,000 on this contract.

One REA official, who asked not to be identified, said, "This is really something when we have to pay for stand-by power when the plant isn't even producing initial power."

Interest that is now accruing will be part of the total obligation of Hoosier Cooperative Energy, Inc., a federation of 16 electrical cooperatives in southern Indiana which obtained the original loan, according to David Hamil, present administrator of the REA.

"That's assuming when and if Hoosier Energy can take legal title to the facilities," said Hamil. "And it won't be a cash payment on that day because I doubt if Hoosier could raise the money."

LOSSES STILL MOUNTING

He added that some kind of agreement would have to be worked out with the REA so Hoosier could repay the delinquent interest charges. The first payment on the principal of the loan is due next April.

"That plant was geared to begin operations on June 1 and the loan was based on the plant operating after that date," said an REA official. "Every day that it stands idle it's money that cannot be recouped."

The loan was made at the standard REA interest rate of 2 per cent to be repaid over a maximum period of 35 years. Although interest rates have climbed steadily since the REA established the rate in 1935, efforts to raise it have met with continuous defeat in Congress.

Rep. William G. Bray [R., Ind.] told the Tribune:

"I don't know how much longer the American public will tolerate this. The government has to pay up to 7 per cent on the money it borrows so the REA can loan it out at 2 per cent interest."

ILLINOISAN A CRITIC

Even more outspoken about the REA loan to build generation facilities has been Rep. Robert Michel (R., Ill.), a member of the House subcommittee on appropriations. He criticized the loan to Hoosier saying that "the plant was not needed."

Michel also noted that there was nothing in the record to establish that the lending of government funds would make cheaper power available to the borrower, as Hoosier Energy has contended.

The Peoria congressman was also critical of Clapp's action in releasing REA funds for the Hoosier project in June, 1965 while litigation was still pending. He contends that the matter should have been resolved in the courts before the money was lent.

TELLS CONGRESS DISAPPROVAL

A further source of agitation to Michel was the approval of another REA loan for $11,150,000 to Hoosier in late 1956 to permit it to connect its system with those of cooperatives in Illinois and Kentucky. Michel contended that the second loan was made "contrary to earlier congressional directions."

Despite opposition from some members of Congress and the pending litigation, the REA approved still another loan for Hoosier on Oct. 21, 1968, in the amount of $29,055,000. Money released by the government to date for the Indiana project amounts to 71.8 million dollars, out of the total approved loans of $100,430,000.

LINK TO SECOND AGENCY

Shortly after the first REA loan was approved in June, 1961, Hoosier Energy applied to the Indiana Public Service commission for approval to construct and operate the plant. All five of the state's private power companies petitioned the commission to disapprove the application.

In April, 1962, Hoosier withdrew its application and received REA approval to transfer its loan to Indiana State-wide Rural Electric co-operative, and Hoosier Energy remained a division of State-wide. This was done because State-wide held the necessary Indiana state certificates to operate and generate electricity.

The private utilities again filed suit, claiming State-wide had not used the certificate since 1935 and that it had "expired because of non-use."

The matter finally reached the Indiana Supreme court where last Dec. 10, the court reversed Appellate and Circuit court decisions and ruled State-wide's authority to operate generating facilities had lapsed and that a new certificate would have to be obtained.

On March 25, the United States District court issued an injunction preventing the government from operating the generating plant. This injunction was overturned by the Circuit court of Appeals on Sept. 18.

CASE IN HIGHEST COURT

Attorneys for the private utilities then petitioned the United States Supreme court to hear the case. A decision is not expected for another four to six weeks.

Because of court battles, Hoosier Energy has had to assess its 92,600 electric users a total of $453,740 so far this year. Of this amount, $300,000 has been spent on legal fees, $55,000 on public relations, and the remainder on office expenses, according to government records.

Hoosier Energy officials have contended that the member co-operatives would realize significant savings in wholesale power costs if they operated their own power facilities.

REA Director Reveals Power Loan Was Denied at First

(By Ronald Koziol)

David A. Hamil, director of the Rural Electrification Administration who formerly headed the same agency from 1956 to 1961, disclosed yesterday that in 1958 he refused to allow a 60-million-dollar federal loan to finance construction of a power generating plant near Petersburg, Ind.

It was the first public disclosure by an REA official that the loan, which now totals $100,430,000, was originally rejected.

APPROVED BY DEMOCRAT

Hamil left his post on Feb. 3, 1961, and four months later, the Democratic-appointed REA director, Norman M. Clapp, approved the loan to build the power plant on the banks of the White river, 260 miles south of Chicago.

Taxpayers have financed construction of the 71.8-million-dollar plant which has been blocked from operating for the last five months because of court litigation instituted by private power companies. The government has had to bear the brunt of delinquent interest payments on the loan which will total $1,262,000 by the end of the year.

Because of the suits filed by private utility, the REA has been forced to assume title to the plant and other facilities. This is the first time in the 39-year history of the REA that it has had to take over the ownership of a power plant.

HAMIL SEEKS SOLUTION

Since the plant has been unable to operate, the REA companies in the area have been forced to continue buying much of their power at wholesale from the very utilities that have blocked the plant's opening.

At least one congressman, Rep. Robert Michel [R., Ill.] has also criticized the loan, contending the the plant was not needed because there was no shortage of power in southern Indiana.

Hamil has been trying to resolve the Indiana problem since he was appointed again to the REA post by President Nixon in January. According to Hamil, the application for the loan to Hoosier Energy Cooperative, Inc., a federation of 16 electrical cooperatives in Indiana, was first received by his office in 1957 and thoroughly reviewed at that time.

"Our studies did not indicate any savings to the rural users if the cooperatives were allowed to generate their own power," said Hamil. "I also suggested that that time that Hoosier Energy explore the possibilities of constructing a generator in conjunction with private utilities."

He continued: "I believe that this idea was a more reasonable plan than loaning millions of dollars to duplicate existing power facilities."

Hamil contends that when rural electric cooperatives and privately owned companies join forces to work together, they can eventually come up with more economical energy for customers in their areas and save taxpayers money.

NEGOTIATIONS UNDERWAY

I have been encouraging both private utilities and rural electric cooperatives to join in power planning and eliminate high competitive double construction of facilities where one unit would handle it all," he said.

Hamil said he is presently negotiating with Hoosier and the private investor utilities in an effort to put the Petersburg plant "into the mainstream of the midwestern power industry."

He hinted strongly, the efforts are being made to resolve the Petersburg situation out of the courts so that the government can eventually recoup all of the loan money and accumulated interest.

Ex-Top REA Man Hired by 3 Co-ops

(By Ronald Koziol)

The former director of the Rural Electrification administration has been retained by at least three electric co-operatives to which he approved loans of millions of dollars in federal funds, a Tribune investigation has disclosed.

He is Norman M. Clapp, who served as REA administrator from March 3, 1961 to last Feb. 3. During that time, Clapp approved loans totaling 1.3 million dollars for rural electric co-operatives to construct their own power plants.

HALT FUTURE LOANS

Present REA Director David A. Hamil has ordered a halt to all loans for power plant construction because of mounting legal problems resulting from two such loans in Indiana and Louisiana.

In the Indiana case, taxpayers have financed construction of a 71.8-million-dollar plant in Petersburg which has been blocked from operating for the last five months because of the court litigation instituted by private power companies.

The government has had to bear the brunt of delinquent interest payments on the loan which will total $1,262,000 by the end of the year.

Rep. Robert Michel (R., Ill.), critic of the large loans has contended that the government financed power plants have duplicated already existing electric facilities.

HIRED TO MAKE SURVEY

Managers of three rural electric co-operatives, which were recipients of large federal loans from Clapp during the Kennedy and Johnson administrations, told The Tribune that Clapp has been hired by them "to perform a survey."

James L. Grahl, manager of the Basin Electric Power Co-operative in Bismarck, N.D., said he was contacted by Clapp last spring with a proposal to make a study of "the attitudes toward REA generation loan programs."

"It was decided that we would accept the proposal and we hired him at his price of $3,000 for the survey," said Grahl. "To date, we have not received the survey or his bill."

During Clapp's administration of the REA, Basin received the largest single loan in REA history—97 million dollars for construction of a power plant in Stanton, N.D. The loan was approved by Clapp on Oct. 25, 1968. The co-operative received an earlier loan on May 10, 1962 for $36,600,000.

ALREADY PAID $3,000

Another recipient of several large loans was the Big Rivers Rural Electric Co-operative corporation in Owensboro, Ky.

W. W. Rumans, Big Rivers manager, said that Clapp has already been paid $3,000 for the survey, which he called "an in-depth study of problems that face rural electric co-operatives and future financing from a managerial standpoint."

Rumans praised Clapp as "probably the most knowledgable person in the country when it comes to rural electric co-operatives and well-suited to conduct the survey."

Big Rivers, which is composed of three Kentucky electric co-operatives, did not come into existence until June, 1961. Slightly more than a year later, its first REA loan for 18 million dollars was approved by Clapp for construction of a power plant along Kentucky's Green river. Another loan for $53,990,000 was approved on Dec. 30, 1965.

KENTUCKY DEMOCRAT CHIEF

Five days before President Nixon took office on Jan. 20, Clapp authorized a third loan of $27,400,000 to Big Rivers.

J. W. Miller, manager of one of the three co-operatives which make up Big Rivers and a Big Rivers director, is Democratic state chairman for Kentucky.

Miller said that he understood Clapp was hired to "evaluate our place in the utility industry, public relations, and other matters." He added, "We also thought he was the best qualified because of his background with the REA."

According to Miller, "about five or six" other co-operatives thruout the country have agreed to help finance the Clapp survey.

John J. Madgett, manager of the Dairyland Power co-operative in La Crosse, Wis., said that his group also has signed up for the survey.

During Clapp's administration, Dairyland Power received loans totaling more than 74 million dollars to build generating facilities.

JOHNSON CITY LOAN

During the last two weeks of the Johnson administration, Clapp approved loans to rural co-operatives totaling more than 81 million dollars. Included in the loans was one made on Jan. 17 for $5,200,000 to the Pedernales Electric Co-operative, Inc., of Johnson City, Tex.

REA officials in Washington said that Mr. Johnson helped organize the co-operative several years ago. It serves as the source of power for the former President's ranch near Johnson City.

LOANS BY EX-BOSS OF REA FACE PROBE

(By Ronald Koziol)

Rep. Robert Michel (R., Ill.) said yesterday that he will seek a full investigation into federal loans totaling millions of dollars which were made by Norman M. Clapp, former director of the Rural Electrification administration.

The Peoria congressman, who is a member of the House subcommittee on appropriations, said the inquiry will be sought in the wake of Tribune disclosures yesterday which told of Clapp being retained to conduct a survey for three electric cooperatives to which he approved large government loans.

BACKS EARLIER SUSPICIONS

Clapp served as REA administrator from March 13, 1961, till last Feb. 3.

"The Tribune's disclosures certainly suggest that earlier suspicions I had regarding certain loans were well founded," Michel said. "It also lends credence to the fact that there might have been something other than good judgment used in making the loans.

"While there is no federal statute against an ex-federal employe accepting employment with the cooperatives, it makes for a very unhealthy situation.

FACILITIES DUPLICATED

"If the facts are true, I believe that a careful review of all federal loans made in the closing days of Clapp's administration should be undertaken. There could very well have been some kind of an understanding between certain parties, and if this is found to be the case, then past loan decisions should be altered or reversed."

Michel, a frequent critic of the large loans, has argued in the past that government-financed power plants have duplicated already-existing electrical facilities.

Michel said he will confer this week with David Hamil, present director of the REA, and congressional colleagues about the matter.

"There is no reason why the American taxpayers should have to take the rap for some of these loan decisions, especially the loan made to the Hoosier Energy cooperative in Indiana," said Michel.

LITIGATION STALLS OPERATION

He was referring to a 71.8 million dollar power plant in Petersburg, Ind., which has been blocked from operating for the last five months because of court litigation instituted by private power companies.

The government has had to assume ownership of the facility and has had to bear the brunt of delinquent interest payments on the loan which will total $1,262,000 by the end of this year.

It was disclosed yesterday by The Tribune that Clapp had been hired by rural electric cooperatives in North Dakota, Kentucky, and Wisconsin to conduct a survey of the "attitudes toward REA generation loan programs."

One of the cooperatives, the Big Rivers Rural Electric Cooperative, Inc., of Owensboro, Ky., said it had already paid Clapp $3,000 as its share of the survey. Big Rivers has been recipient of more than 98 million dollars in REA loans since it came into existence in June, 1961.

GOT LARGEST LOAN

The Basin Electric Power Cooperative in Bismark, N.D., which also agreed to the Clapp survey, received the largest single loan in REA history—97 million dollars on Oct. 25, 1968, for construction of a power plant in Stanton, N.D.

A third cooperative, Dairyland Power of La Crosse, Wis., received loans totaling more than 74 million dollars to build generating facilities during Clapp's administration.

An official of Big Rivers told The Tribune that it was his understanding that "five or six" electric cooperatives thruout the country were participating in the Clapp survey.

NIXON AIDE TO PROBE DEALS ON REA LOANS MADE BY EX-DIRECTOR

(By Ronald Koziol)

A special assistant to President Nixon will probe the issuing of government loans totaling millions of dollars which were approved by the former director of the Rural Electrification administration, it was disclosed yesterday.

The investigation will be conducted by Clark Mollenhoff, President Nixon's deputy counsel. It is the second inquiry announced since The Tribune disclosed Sunday that Norman M. Clapp, former REA administrator, was being retained to conduct a survey for three rural electric co-operatives to which he approved large government loans.

MICHEL ASKS PROBE

Rep. Robert Michel (R., Ill.), a member of the House subcommittee on appropriations, said he will seek a full investigation into all aspects of the federal loans. He said the disclosures "certainly raised suspicions—many of which I have had for a long time—about certain REA loans."

Molenhoff, a former Pulitzer prize winning reporter who made a reputation as an investigator of corruption in government, is now a trouble-shooter for the President.

1.3 BILLION IN LOANS

"I'm interested in going into this matter thoroly," Mollenhoff said. "There are certain things here which could involve congressional action but I will have to look into some of these loans first."

During Clapp's administration, from March 3, 1961, to last Feb. 3, he approved loans totaling 1.3 billion dollars for rural electric co-operatives to construct their own power plants.

David A. Hamil, present REA director, has ordered a halt to all loans for power plant construction because of mounting legal problems resulting from two such loans in Indiana and Louisiana.

Michel noted that "altho Clapp may not have run afoul of any federal laws in doing work for the co-operatives, it underscores my concern for many of the loans."

OK'S KENTUCKY LOAN

According to the Peoria congressman, he will ask for a review of loans by REA officials.

"I'm particularly interested in loans approved by Clapp in the closing days of the Johnson administration," he added.

During the last two weeks of the Johnson administration, Clapp approved loans of more than 81 million dollars to rural electric co-operatives.

Included in these loans was one for 27.4 million dollars to the Big Rivers Rural Electric Co-operative in Henderson, Ky., to construct a power plant. Big Rivers, which includes among its directors J. W. Miller, Democratic state chairman for Kentucky, is one of the three co-operatives that have hired Clapp at a fee of $3,000 for the survey.

THE TRIBUNE EXPOSÉ OF REA LOANS

The federal government now has to pay interest rates as high as 8 per cent on money which it borrows. Nevertheless, on orders of Congress, the government makes loans at 2 per cent to build rural electric facilities, some of which duplicate taxpaying private facilities. The loans are made thru a federal agency, the Rural Electrification administration [REA].

The taxpayers therefore have an interest in recent disclosures by THE TRIBUNE concerning loans approved by Norman M. Clapp, director of the REA from March 13, 1961, until last Feb. 3. Mr. Clapp has not been forced to go on relief since he lost his job. He has a new business conducting "surveys" for electric cooperatives to which he approved loans.

There is no law against a former federal official accepting employment from the co-operatives he has aided but Rep. Robert Michel [R., Ill.] thinks the practice makes for a very "unhealthy" situation. He has proposed a congressional investigation, including a review of all loans made in the closing days of Mr. Clapp's administration.

During the last two weeks of former President Lyndon Johnson's administration the REA made loans totaling more than 81 million dollars. One of the loans was $5,200,000 to the Pedernales Electric Co-operative, Inc., of Johnson City, Tex., which provides power for the former President's ranch.

Another loan amounting to 71.8 million dollars was made earlier to build an electric generating plant on the White river near Petersburg, Ind. This plant has stood idle for five months because private utilities have brought suit against the REA and rural electric cooperatives, charging that the plant duplicates existing power facilities.

Before Mr. Clapp took charge of the REA, a request for a loan to build the Petersburg plant was denied by David A. Hamil, then the director of the REA. Mr. Hamil left the job when the Kennedy administration began, and was succeeded by Mr. Clapp. Four months later the loan was approved.

Mr. Hamil has now returned to the directorship of the REA, having been appointed by President Nixon in January. He believes that rural electric cooperatives and privately owned power companies should work together to avoid duplication of power plants and transmission lines.

Congress should investigate all the loans made in the Clapp regime. New legislation may be necessary to prevent political fixing of loans to build unnecessary power facilities.

Rep. Michel calls the situation "unhealthy." We call it sickening.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., November 5, 1969.

Mr. DAVID A. HAMIL,
Administrator, Rural Electrification Administration, Department of Agriculture, Washington, D.C.

DEAR DAVE: I am enclosing copies of five articles and an editorial which appeared in the past week in the Chicago Tribune under the byline of Ron Koziol.

I am sure you are aware of the position I have taken through the years on our Agriculture Sub-Committee on Appropriations wherein I have raised serious questions with respect to the bigger, more significant loans for generation and transmission. Without belaboring the point, I want to call your particular attention to the third article in the series which mentions the three rural electric cooperatives that have apparently hired your predecessor, Norman Clapp, "to perform a survey". There apparently is some understanding that a $3,000 fee is an appropriate figure from the three specific cooperatives mentioned and heaven only knows how many other cooperatives might be tapped in the future for a similar fee to perform this so-called "survey".

It raises my suspicions as to the grounds on which the loans to these cooperatives were approved in the first place. I think it is within your prerogative as the new Administrator of REA to cause a review to be made of those more significant generation and transmission loans that were approved by your predecessor to determine whether or not the best interests of the taxpayers are being served.

I raised the question a number of times in our hearings about the possibility of court cases and litigation tying up these facilities for an extended period of time with a resultant loss to the Government, but my warnings to Mr. Clapp went unheeded and I would hope under your Administration more caution would be exercised and that we be assured that this situation will not be repeated.

Frankly, I should like to see an appropriate Committee of the Congress delve into this matter, but must say in all candor that I wouldn't be very optimistic of the chances of getting the kind of investigation that ought to be made. However, I would think you have the power and authority to make this kind of review and would appreciate having some kind of response from you, so that I might best know how to pursue the matter further. The disclosures as publicly aired in these articles are disturbing to the taxpayers of this country, and we have a responsibility to follow through to see that the situation is corrected and remedied.

Sincerely yours,

ROBERT H. MICHEL,
Member of Congress.

RESULTS OF CONGRESSMAN STRATTON'S 1969 CONGRESSIONAL QUESTIONNAIRE REFLECT STRONG SUPPORT FOR PRESIDENT NIXON'S POSITION ON VIETNAM

(Mr. STRATTON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. STRATTON. Mr. Speaker, each year I make a practice of circulating a questionnaire to the people of my 35th congressional district in upstate New York. And each year I place in the RECORD the results of that questionnaire.

Today in the circumstances in which we find ourselves these results are of special interest, I believe.

This questionnaire, went out at the end of August to each of the 138,000 homes in our district. More than 15,000 replies have now come back, and the answers have been tabulated. Here is a capsule summary of the results, which were first released to the press on October 19, well before the President's November 3 address on Vietnam.

Whatever other polls may show, the people of our 250-mile-long, upstate New York district:

Approve of President Nixon's handling of his job by better than 3 to 1—though he carried our district last year by only 56.4 percent.

Support a cautious Nixon-type withdrawal from Vietnam over a set timetable, Goodell-type withdrawal by almost 2 to 1.

Oppose major defense cuts unless Russia reciprocates, by almost 4 to 1.

Support cuts in the space program in favor of domestic aids by almost 3 to 1.

Approve denying Federal funds to rioting student by 12 to 1—largest margin of any question.

Lean slightly against the ABM, but 27.8 percent undecided—largest undecided figure for any question.

Favor a 5 percent surtax extension.

Oppose the proposed Nixon welfare changes.

Support by wide margins all of the following: Direct election of the President, wage and price controls if needed, ban on radio and TV cigarette advertising, safety standards for farm tractors, Federal controls over thermal pollution and a ban on pornography in the mails.

Here are the exact questions and the percentage results:

Questions	Percent	Undecided (percent)
1. Gradual withdrawal of U.S troops from Vietnam has begun. How fast should it proceed:		
(a) Geared to ability of South Vietnamese to defend themselves, so country is not left helpless; or	61.9	6.0
(b) On a preset schedule, whether South Vietnam can fully defend itself or not?	32.1	
2. Which approach to the space program do you favor:		
(a) Continue exploration at present pace, with an evantual landing on Mars?	24.7	3.4
(b) Cut back on space exploration and use funds for urgent domestic programs?	71.9	
3. Which presidential election reform do you prefer:		
(a) Direct popular election?	76.3	3.9
(b) Retaining present electoral votes, but eliminating such "loopholes" as throwing election into the House when no candidate gets a majority?	19.8	
4. As regards defense spending, which course do you favor:		
(a) Make sharp cuts in our own defense spending regardless of what Russia does?	19.2	4.5
(b) Maintain strong defenses until some enforceable arms limitation agreement can be worked out?	76.3	

	In percent		
	Yes	No	Undecided
DO YOU FAVOR—			
5. The thin ABM deployment recommended by President Nixon?	34.6	37.6	27.8
6. Now that the House has passed a broad tax reform and tax cut bill, would you support, as an anti-inflation measure extension of the surtax to January 1970 a 10 percent, and at 5 percent until June?	50.8	35.0	14.2
7. Imposing wage and price controls, if present measures fail to halt inflation?	70.3	20.5	9.2
8. President Nixon's new welfare program, guaranteeing families a $1,200 income floor, and doubling both Federal welfare costs and total recipients? [1]	32.7	47.8	19.5
9. Enforcement of existing Federal law cutting off aid to students guilty of disruptive campus riots?	90.2	7.6	2.2
10. Federal legislation to prevent thermal pollution of small lakes by nuclear powerplants?	88.5	4.3	7.2
11. Federal safety standards for farm tractors?	61.2	20.2	18.6
12. An end to cigarette advertising on radio and TV?	67.1	22.4	10.5
13. Federal legislation to halt current flood of pornography through the mails?	84.1	10.1	5.8
14. Generally, do you approve of the way President Nixon has been handling his job?	64.0	19.6	16.4

[1] Actually the proposed floo r was $1,600.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BLANTON, for attending the funeral of ex-Governor Frank G. Clement, of Tennessee.

Mr. JONES of Tennessee, for attending the funeral of former Gov. Frank Clement of Tennessee.

Mr. FULTON of Tennessee, for November 6, on account of death of Gov. Frank G. Clement.

Mr. BYRNE of Pennsylvania (at the request of Mr. DENT), for November 5, account of illness.

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. RANDALL, for 60 minutes on Thursday, November 13.

Mr. ROUDEBUSH, for 60 minutes, on Thursday, November 13.

Mr. FULTON of Tennessee, for 1 hour, today.

Mr. PODELL, for 30 minutes, today.

Mr. OTTINGER, for 15 minutes, today.

(The following Members (at the request of Mr. MIKVA) to revise and extend their remarks and include extraneous matter:)

Mr. REUSS, for 60 minutes, today.

Mr. GONZALEZ, for 10 minutes, today.

Mr. GIAIMO, for 60 minutes, on November 6.

Mr. FARBSTEIN, for 20 minutes, on November 6.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. MADDEN in two instances and to include extraneous matter.

Mr. MATSUNAGA immediately preceding the passage of House Joint Resolution 934.

Mr. BOLAND in two instances and to include extraneous matter.

(The following Members (at the request of Mr. KYL) and to include extraneous matter:)

Mr. GUBSER.

Mr. FREY.

Mr. THOMPSON of Georgia.

Mr. FOREMAN in two instances.

Mr. SHRIVER in two instances.

Mr. WYMAN in two instances.

Mr. TAFT.

Mr. DEL CLAWSON.

Mr. FISH.

Mr. REID of New York.

Mr. UTT.

Mr. SCHWENGEL.

Mr. BUSH in two instances.

Mr. BLACKBURN.

Mr. MILLER of Ohio in two instances.

Mr. SCOTT.

Mr. PELLY.

Mr. WHITEHURST in two instances.

Mr. HOGAN in two instances.

Mr. LUKENS.

Mr. MORSE.

Mr. CHAMBERLAIN.

Mr. PRICE of Texas in two instances.

(The following Members (at the request of Mr. MIKVA) and to include extraneous matter:)

Mr. MATSUNAGA in two instances.

Mr. DINGELL in two instances.

Mr. WALDIE in four instances.

Mr. COHELAN in two instances.

Mr. ANDERSON of California.

Mr. RARICK in three instances.

Mr. ADDABBO in two instances.

Mr. HUNGATE in two instances.

Mr. NICHOLS.

Mr. HAMILTON.

Mr. GONZALEZ in two instances.

Mr. CAREY.

Mr. FRASER.

Mr. EVINS of Tennessee in two instances.

Mr. TIERNAN.

Mr. BARING.

Mr. HANNA in three instances.

Mr. OLSEN in two instances.

Mr. CELLER.

Mrs. SULLIVAN.

Mr. GREEN of Pennsylvania in two instances.

Mr. HAGAN in two instances.

ADJOURNMENT

Mr. MIKVA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 46 minutes p.m.), the House adjourned until tomorrow, Thursday, November 6, 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:

1313. A letter from the Comptroller General of the United States, transmitting a report of a review of the basis for determining need for construction of messhalls in the Department of Defense; to the Committee on Government Operations.

1314. A letter from the Director, Administrative Office of the United States Courts, transmitting a draft of proposed legislation to amend section 331 of title 28, United States Code, to authorize the Judicial Conference of the United States to promulgate rules and standards governing the conduct of U.S. judges; to the Committee on the Judiciary.

1315. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to the provisions of section 204(d) of the Immigration and Nationality Act, as amended; to the Committee on the Judiciary.

1316. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered in the cases of certain aliens found admissible to the United States under the provisions of section 212(a)(28)(I)(ii) of the Immigration and Nationality Act; to the Committee on the Judiciary.

1317. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered in cases in which the authority contained in section 212(d)(3) of the Immigration and Nationality Act was exercised in behalf of certain aliens, together with a list of the persons involved, pursuant to the provisions of section 212(d)(6) of the act; to the Committee on the Judiciary.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of Massachusetts:

H.R. 14672. A bill to permit officers and employees of the Federal Government to elect coverage under the old-age, survivors, and disability insurance system; to the Committee on Ways and Means.

H.R. 14673. A bill to amend title II of the Social Security Act so as to liberalize the conditions governing eligibility of blind persons to receive disability insurance benefits thereunder; to the Committee on Ways and Means.

By Mr. COLLIER:

H.R. 14674. A bill to encourage the growth of international trade on a fair and equitable basis; to the Committee on Ways and Means.

By Mr. CONABLE:

H.R. 14675. A bill to adjust agricultural production, to provide a transitional program for farmers, and for other purposes; to the Committee on Agriculture.

By Mr. EDMONDSON:

H.R. 14676. A bill to authorize each of the Five Civilized Tribes of Oklahoma to select their principal officer, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. EDMONDSON (for himself, Mr. ALBERT, Mr. BELCHER, Mr. CAMP, Mr. JARMAN, and Mr. STEED):

H.R. 14677. A bill to provide for the establishment of the Five Civilized Tribes National Park in the State of Oklahoma; to the Committee on Interior and Insular Affairs.

By Mr. GARMATZ (for himself, Mr. MAILLIARD, Mr. DINGELL, Mr. PELLY, Mr. CLARK, Mr. GROVER, Mr. LENNON, Mr. KEITH, Mr. DOWNING, Mr. POLLOCK, Mr. BYRNE of Pennsylvania, Mr. GOODLING, Mr. ROGERS of Florida, Mr. BRAY, Mr. STUBBLEFIELD, Mr. ST. ONGE, Mr. HATHAWAY, Mr. JONES of North Carolina, Mr. LEGGETT, Mr. FEIGHAN, Mr. ANNUNZIO, Mr. LONG of Louisiana, Mr. BIAGGI, and Mr. SCHADEBERG):

H.R. 14678. A bill to strengthen the penalties for illegal fishing in the territorial waters and the contiguous fishery zone of the United States, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. HAMILTON:

H.R. 14679. A bill to establish in the Executive Office of the President an independent agency to be known as the Office of Executive Management; to the Committee on Government Operations.

By Mr. HAYS:

H.R. 14680. A bill to encourage the growth of international trade on a fair and equitable basis; to the Committee on Ways and Means.

By Mr. HICKS:

H.R. 14681. A bill to amend title 38 of the United States Code so as to entitle veterans of World War I and their widows and children to pension on the same basis as veterans of the Spanish-American War and their widows and children, respectively; to the Committee on Veterans' Affairs.

By Mr. LANGEN:

H.R. 14682. A bill to create a commission to study the passenger-carrying railroads of the United States and to impose a temporary moratorium on the discontinuance of any passenger service by rail; to the Committee on Interstate and Foreign Commerce.

By Mr. LONG of Louisiana:

H.R. 14683. A bill to designate as the John H. Overton lock and dam the lock and dam authorized to be constructed on the Red River near Alexandria, La.; to the Committee on Public Works.

By Mr. MATSUNAGA:

H.R. 14684. A bill for the relief of the State of Hawaii; to the Committee on the Judiciary.

By Mr. MOSS (for himself and Mr. SPRINGER):

H.R. 14685. A bill to amend the International Travel Act of 1961, as amended, in order to improve the balance of payments by further promoting travel to the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. PERKINS:

H.R. 14686. A bill to amend section 408 of the Higher Education Act of 1965, relating to programs to identify qualified low-income

students and assist them toward a successful completion of a higher education program, to permit reductions in non-Federal matching in certain cases; to the Committee on Education and Labor.

By Mr. PURCELL (for himself, Mr. FOLEY, and Mr. SMITH of Iowa):

H.R. 14687. A bill to provide for the inspection of eggs and egg products by the U.S. Department of Agriculture, and for other purposes; to the Committee on Agriculture.

By Mr. THOMPSON of Georgia:

H.R. 14688. A bill to redesignate the position of hearing examiner as administrative trial judge; to the Committee on the Judiciary.

By Mr. WALDIE (for himself, Mr. BROWN of California, Mr. COHELAN, Mr. CORMAN, Mr. EDWARDS of California, Mr. HANNA, Mr. JOHNSON of California, Mr. LEGGETT, Mr. MOSS, Mr. REES, Mr. ROYBAL, Mr. SISK, Mr. TUNNEY, Mr. VAN DEERLIN, and Mr. CHARLES H. WILSON):

H.R. 14689. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to authorize appropriations for fiscal year 1971 and succeeding fiscal years, and for other purposes; to the Committee on the Judiciary.

By Mr. WAMPLER:

H.R. 14690. A bill to amend chapter 55 of title 10 of the United States Code to provide contract medical care for the dependent parents of members of the uniformed services on active duty for a period of more than 30 days; to the Committee on Armed Services.

By Mr. BRINKLEY:

H.R. 14691. A bill relating to the use of Federal funds to force busing of students, abolishment of schools, or attendance of students at particular schools; to the Committee on Education and Labor.

By Mr. BROTZMAN:

H.R. 14692. A bill to amend the Communications Act of 1934 to establish orderly procedures for the consideration of applications for renewal of broadcast licenses; to the Committee on Interstate and Foreign Commerce.

By Mr. DON H. CLAUSEN:

H.R. 14693. A bill to permit State agreements for coverage under the hospital insurance program for the aged; to the Committee on Ways and Means.

By Mr. FRASER:

H.R. 14694. A bill to amend the Food Stamp Act of 1964 to authorize elderly persons to exchange food stamps under certain circumstances for meals prepared and served by private nonprofit organizations, and for other purposes; to the Committee on Agriculture.

By Mr. GONZALEZ:

H.R. 14695. A bill to establish a development bank to aid in financing low- and moderate-income housing, employment opportunities for unemployed and low-income citizens, and public facilities in certain urban and rural areas; to the Committee on Banking and Currency.

By Mr. GUBSER:

H.R. 14696. A bill to amend title 10, United States Code, to limit, and to provide more effective control with respect to, the use of Government production equipment by private contractors under contracts entered into by the Department of Defense and certain other Federal agencies, and for other purposes; to the Committee on Armed Services.

By Mr. JACOBS:

H.R. 14697. A bill to amend the Communications Act of 1934 to establish orderly procedures for the consideration of applications for renewal of broadcast licenses; to the Committee on Interstate and Foreign Commerce.

By Mr. O'NEILL of Massachusetts:

H.R. 14698. A bill to reorganize the executive branch of the Government by transferring to the Secretary of the Interior certain functions of the Secretary of Agriculture, and for other purposes; to the Committee on Agriculture.

By Mr. PEPPER:

H.R. 14699. A bill to amend title 38, United States Code, to provide that the first remarriage of the widow of a veteran shall not bar the furnishing of certain benefits under such title to her but result in the reduction of such benefits by 50 percent; to the Committee on Veterans' Affairs.

By Mr. ROGERS of Florida (for himself and Mr. KEITH):

H.R. 14700. A bill to amend the National Sea Grant College and Program Act of 1966 in order to authorize coastal zone laboratory programs, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. WHITEHURST:

H.R. 14701. A bill to amend section 10 of the Federal Water Pollution Control Act to remove certain limitations on suits to secure abatement of pollution; to the Committee on Public Works.

By Mr. WINN:

H.R. 14702. A bill to amend the Federal Water Pollution Control Act, as amended, to provide adequate financial assistance and to increase the allotment to certain States of construction grant funds; to the Committee on Public Works.

By Mr. CHAPPELL:

H.J. Res. 979. Joint resolution to authorize the President to proclaim the month of January of each year as "National Blood Donor Month"; to the Committee on the Judiciary.

By Mr. LUKENS (for himself, Mr. ADAIR, Mr. ALBERT, Mr. ANDERSON of Illinois, Mr. ARENDS, Mr. ASHBROOK, Mr. BERRY, Mr. BEVILL, Mr. BIAGGI, Mr. BLACKBURN, Mr. BUCHANAN, Mr. BUSH, Mr. CABELL, Mr. CARTER, Mr. CEDERBERG, Mr. DON H. CLAUSEN, Mr. DEL CLAWSON, Mr. CLEVELAND, Mr. CÓRDOVA, Mr. CUNNINGHAM, Mr. DERWINSKI, Mr. DEVINE, Mr. DICKINSON, Mr. DORN, and Mr. DOWDY):

H. Con. Res. 436. Concurrent resolution expressing the sense of the Congress with respect to public expression of religious faith by American astronauts; to the Committee on the Judiciary.

By Mr. LUKENS (for himself, Mr. ESCH, Mr. ESHLEMAN, Mr. FALLON, Mr. FISH, Mr. FISHER, Mr. FLOWERS, Mr. GERALD R. FORD, Mr. FOREMAN, Mr. FREY, Mr. FULTON of Pennsylvania, Mr. GARMATZ, Mr. GIBBONS, Mr. GOLDWATER, Mr. GOODLING, Mr. GRAY, Mr. GRIFFIN, Mr. HALEY, Mr. HASTINGS, Mr. HICKS, Mr. HOGAN, Mr. HORTON, Mr. HOSMER, Mr. HUNT, and Mr. KUYKENDALL):

H. Con. Res. 437. Concurrent resolution expressing the sense of the Congress with respect to public expression of religious faith by American astronauts; to the Committee on the Judiciary.

By Mr. LUKENS (for himself, Mr. LUJAN, Mr. MANN, Mr. MILLS, Mr. MIZELL, Mr. MONTGOMERY, Mr. MYERS, Mr. PETTIS, Mr. PICKLE, Mr. PRICE of Texas, Mr. ROBERTS, Mr. ROUDEBUSH, Mr. SAYLOR, Mr. SCOTT, Mr. STEIGER of Arizona, Mr. STRATTON, Mr. STUBBLEFIELD, Mr. TEAGUE of Texas, Mr. THOMPSON of Georgia, Mr. THOMSON of Wisconsin, Mr. WAGGONNER, Mr. WAMPLER, Mr. WATSON, Mr. WINN, and Mr. WOLD):

H. Con. Res. 438. Concurrent resolution expressing the sense of the Congress with respect to public expression of religious faith by American astronauts; to the Committee on the Judiciary.

By Mr. LUKENS (for himself, Mr. WRIGHT, and Mr. WYLIE):

H. Con Res. 439. Concurrent resolution expressing the sense of the Congress with respect to public expression of religious faith by American astronauts; to the Committee on the Judiciary.

By Mr. DAVIS of Georgia:

H. Con. Res. 440. 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. BRINKLEY:

H. Res. 645. Resolution toward peace with justice in Vietnam; to the Committee on Foreign Affairs.

By Mr. DON H. CLAUSEN (for himself and Mr. MCCLURE):

H. Res. 646. Resolution toward peace with justice in Vietnam; to the Committee on Foreign Affairs.

By Mr. FINDLEY (for himself, Mr. CORBETT, Mr. DEVINE, Mr. DICKINSON, Mrs. HECKLER of Massachusetts, Mr. MCCULLOCH, Mr. WATKINS, and Mr. PETTIS):

H. Res. 647. Resolution relating to withdrawals from Vietnam; to the Committee on Foreign Affairs.

By Mr. HASTINGS:

H. Res. 648. Resolution toward peace with justice in Vietnam; to the Committee on Foreign Affairs.

By Mr. MILLER of California:

H. Res. 649. Resolution to provide funds for the further expenses for the studies, investigations, and inquiries authorized by House Resolution 192; to the Committee on House Administration.

By Mr. MURPHY of Illinois (for himself, Mr. HAGAN, Mr. HÉBERT, Mr. MATSUNAGA, Mr. CLARK, and Mr. HOGAN):

H. Res. 650. Resolution toward peace with justice in Vietnam; to the Committee on Foreign Affairs.

By Mr. NELSEN:

H. Res. 651. Resolution toward peace with justice in Vietnam; to the Committee on Foreign Affairs.

By Mrs. REID of Illinois (for herself, Mr. CLANCY, Mr. WATKINS, and Mr. CAFFERY):

H. Res. 652. Resolution toward peace with justice in Vietnam; Committee on Foreign Affairs.

By Mr. STEIGER of Wisconsin:

H. Res. 653. Resolution toward peace with justice in Vietnam; Committee on Foreign Affairs.

By Mr. WHALLEY:

H. Res. 654. Resolution toward peace with justice in Vietnam; Committee on Foreign Affairs.

By Mr. WHITEHURST:

H. Res. 655. Resolution toward peace with justice in Vietnam; Committee on Foreign Affairs.

By Mr. WINN:

H. Res. 656. Resolution toward peace with justice in Vietnam; Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CEDERBERG:

H.R. 14703. A bill for the relief of Ruth V. Hawley, Marvin E. Krell, Alaine E. Benic, and Gerald L. Thayer; Committee on the Judiciary.

By Mr. GUDE:

H.R. 14704. A bill for the relief of Andrea J. Moreno; Committee on the Judiciary.